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Near East/South Asia Report

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NEAR EAST/SOUTH ASIA REPORT

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COMMENTS, CONTROVERSY ON ANNIVERSARY OF 1915 MASSACRE

'Day of Sorrow and Action'

Paris GAMK in Armenian/French 24 Apr 86 p 2

[Article: "24 April 1986: Day of Sorrow and Action"]

[Text] The Armenian genocide, which took place 71 years ago on this date, has acquired a certain dignity that comes with age. As we do every year, we are going to file out, in the streets of the towns of France, the US, Argentina and elsewhere, to sound the alarm of this sinister memory of the years which in passing carry us further and further away from a decisive point in our history, a date which began and ended in the word genocide. Each year the cortege of Armenians, marking off one by one the years that separate us from the date of that death, recalls that terrible word genocide to mind for the benefit of a curious, jeering or indifferent population. Why do these Armenians, who we describe as so well-integrated, suddenly come on as rebels, from the oldest to the youngest, chanting slogans hostile to the nation of Turkey, demanding that the land of Armenia be given back, and demanding that Armenia be given pride of place among the historic genocides? It is true, there is such a thing as Armenian terrorism...but we have been assured that it came from elsewhere.

It is true that there is something demeaning about counting off this rosary which ever more cruelly flags the amount of time that has elapsed since the official date of our death; the age of genocide is certainly the time of the last survivors, of those who were spared and today march with dignity at the head of the cortege, living monuments of a pitiless history. And as they bear witness, they also personify that history, they have seen their executioner, and they made their escape.

The term genocide, which will echo through the streets of many world capitals when reverently invoked this 24 April, even though it be tainted with a technical quality that merely expresses a point in history when science is put at the service of crime, has a double significance: it speaks effectively to the crowds, it hits them frontally, it inspires dread; but paradoxically, because of its scientific sound, the word cuts them off from its real content, banalizes it in a way, since it puts it in a juridical, lexical category where sentiment and morality cannot penetrate.

From that point of view, the word massacre is ultimately more suggestive, more explicit, its very sound gives it weight in people's souls, quite apart from the meaning itself.

This is all the more true for the Armenians: those survivors of the "massacres," who, heading up the cortege, demand that their genocide be recognized as such, somehow seem sadly inadequate, somehow pathetic. But in no way could that very superficial impression detract from the verdict of history; indeed, tacitly and implicitly, this is the very reproach leveled by a number of governments against the Armenians: "you were massacred too soon, the word genocide was not invented for you." And it is true that the Armenian genocide was committed with the greatest impunity, buried beneath the clamor of arms during that First World War which supposedly excused the Turkish authorities for all the atrocities they committed in a peripheral region of the West. It was only after the Second World War--with its cortege of mass exterminations of Poles, Jews, Slavs and other European peoples committed by Germany, a geographic and cultural center of Europe--that it became clear it was necessary to prevent and punish these systematic and absolute crimes, the implementation of which requires the entire organizational power of the state. It was after this war that the American professor of Polish origin, R. Lemkin, invented the word genocide, the lexical foundation of a jurisdiction the essence of which is spelled out in the "Convention for the Prevention and Repression of the Crime of Genocide," adopted unanimously by the General Assembly of the United Nations on 9 December 1948.

A cynical effort is made to persuade people that the massacres of the Armenians, coming somehow too early, fall outside the juridical language defining such crimes. That is the sense in which the Turks acknowledge that of course there were several massacres, the sad price of wars, but that in no event were they of sufficient magnitude or systematic character to warrant use of the term genocide.

Genocide: A Dreaded Juridical Weapon

That is because genocide, even though not yet well understood by the public, is feared by governments; it is not so easy to get people to forget it, whereas massacres are a normal occurrence in time of war. Thus one can even go so far as to concede that Armenians were massacred, but these occasional tragedies are customary in the conflictual relations between Christians and Turks in the Ottoman Empire. Now it is just here that the contradiction lies: the Turks, refusing to consider the historic dimension of the conflict in Armeno-Turkish relations, are forced to accept the thesis of a total extermination--or elimination--the scale of which, despite all the falsifications of numbers, discredits the idea of the "spontaneity" of the massacre.

If the "massacre" of the Armenians is not the massacre of "Chio," that is because it was the final and absolute end-point of a series of "massacres of 'Chio'," which had at that time been ordered in accordance with a specific policy of repression against the minorities in the Ottoman Empire. The irrefutable proof is that there simply are no more Armenians in "Anatolia Orientale"--a result which the sanguinary invaders of Tamerlan had never

achieved, probably because they did not necessarily want to achieve it. Only a series of measures ordered from high levels of government would be capable of resulting in such a complete deportation; now from experience we know that deportation is only the preparatory stage for genocide: here again, the Turks cannot hope to be able to prove their innocence by arguing that they were engaged in "mere" deportation operations.

Refusing to admit premeditation, the systematic nature and the means employed, it is the genocide of the Armenians that the Turks are refusing to admit. As mere butchers the Turks would not fall under the penalty of the law against genocide, which is expressly condemned in Article 5 revised of the Convention of 1948. Better yet, the massacres in question were perpetrated not by the Ottoman state--to which, despite the break, the Kemalist republic was the successor--but by uncontrolled fringe extremists among the population.

The massacred Armenians should not dwell on "genocide" any longer. The survivors of the massacres, who often prefer silence to the evocation of a tragedy which they consider more as a national humiliation than an essential aspect of their being as exiles, probably feel themselves more the children of a better organized, better planned massacre rather than the victims of the genocide the modern world wants to deny them. Perhaps they no longer want to feel themselves the prisoners of a murdered awareness, morbidly self-absorbed. But the tribulations they have endured, which have led them far from Armenia, their inability to gain international acknowledgement and condemnation of the collective crime of which they were the victims, which they cannot forget, have served to mobilize Armenians around the watchword of genocide and its recognition, ever since the concept was juridically recognized by the UN. Thus, if the Armenians were massacred too soon, from a juridical point of view, if some people (and not only the Turks) view their genocide as no more than a massacre, the traumas are nevertheless real, sociological studies have proven it, and those traumas have impacted on their behavior, sometimes in pathological ways, over three generations of Armenians. By a phonetic analogy which is perhaps without philological foundation, one might compare the French words "tort" and "torture" ["harm" and "torture"] (Latin tortora, torsion) to the Armenian "tchart" and "tchartcharank" (massacre): the massacre of the Armenians, then, is a "violation" or "twisting" of the law, indefensible and unpardonable.

In that sense, the genocide of the Armenians on a certain 24th day of April, even if not thought of as genocide, is doubtless a twisted violation of human rights which merits the most virulent condemnation by international organizations, governments and individuals. If the Armenians on this 71st anniversary demand recognition of a genocide which moreover was the first genocide of the 20th Century, it is not because the Armenians living in France, the US, Lebanon or Soviet Armenia want the status of being "the first genocide"; genocide has become a formidable juridical weapon, one which culpable states fear; this is proven by the fact that Turkish propaganda against the idea of an Armenian genocide has intensified as more and more international tribunals have considered the accusations. In that connection, over and above any psychological factors, it is a political instrument in the hands of the Armenians, since we know already that the question of the

Armenian genocide has forced Turkish historiography to revise the history of Armenia and the Armenian question, and thus the history of Turkey.

Seventy years after the genocide, the Armenian people can be "satisfied" that they have been able to impose the core of the Armenian question, the genocide, as a political question that has become the affair of governments: the adoption by the UN Human Rights Subcommittee of the M.B. Whitaker report of 30 August 1985, mentioning the Armenian genocide among historic cases of genocide, the debates in the US Congress on a resolution setting 24 April as a national day to commemorate man's inhumanity to man, and the discussions in the European parliament on M.J. Vandemeulebrouk's report on a political solution to the Armenian problem show a vitality to the Armenian question that gives some sense to the 24 April commemorations.

It is in that sense that the CDCA made mobilization for getting the Armenian question into the European parliament the watchword of this 71st anniversary of the genocide. The purpose is to reinforce the point that the Armenians, victims of white genocide and threatened assimilation, cannot "content" themselves with "conserving and deepening the memory of the horror," to use the unfortunate phrase employed by Alfred Grosser in his preface to the "Archives of the Genocide of the Armenians" (Fayard, 1986) in order to affirm that the Armenians (of France) are in no way ready "to renounce the priority they put on belonging to France." When they are cheated out of their national birthright and their past by successive Turkish governments, the Armenians, however aware and concerned they may be about the universal and moral dimensions of their genocide, the monstrous prototype of genocides to come, cannot permit themselves to be content with a mere moral "pat on the back." Once again on this 24 April there will be many who will not accept the current monopoly on use of the term genocide, which deprives it of its historic dimension, since it dissimulates the deeper causes. Much less will they be ready to accept the role of guinea-pig with respect to a juridical regime on genocide from which they would derive no benefit.

Athens Mayor Urges Tribute

Athens AZAT OR in Armenian 2 May 86 p 1

[Text] We have received the following letter from Athens Mayor Dimitri Beyis on the occasion of the 71st anniversary of the Armenian genocide:

[Date] 28 April 1986

To: The City Council

Mr President, ladies, gentlemen and colleagues:

In April 1915, 71 years ago, an entire nation, namely the Armenians, were massacred with the tolerance and collusion of the great powers of the time. Taking advantage of war conditions in Europe, the Young Turks tried to rid themselves of the peoples which had lost neither their national identity nor their desire for a national revival despite years of enslavement. The brotherly nation of Armenians paid the dearest price for this Turkish policy. During that period 1.5 million Armenians of all ages were slaughtered. Moreover, the destruction began of historical monuments which constituted evidence of the ancient presence and history of the Armenians on those lands.

Those who survived the genocide of 1915 are struggling to preserve their national identity and are appealing to humanity to responde to their rightful national demands. They want to regain their national homeland.

I propose and urge the council to approve the following:

a) To pay tribute together with the Armenians to the innocent martyrs of 1915;

b) To express our condemnation of genocide and our solidarity with the Armenian people;

c) To express support and solidarity for the struggle waged by the Armenian people to regain their ancestral lands.

[Signed] Dimitris Beyis, Mayor.

9588
CSO: 4605/38

BOOK CONFIRMING GENOCIDE PRESENTED

Paris GAMK in Armenian/French 3 May 86 pp 1,4

[Review by Garo Ulubeyan of book "Archives du Genocide des Armeniens" edited by Johannes Lepsius with preface by Alfred Grosser, Fayard Editions]

[Text] If the German pastor Johannes Lepsius, founder of the "Deutsche-Orient Mission," was known by all of France's Armenians for having assembled a fair amount of archives and diplomatic documents relative to the deportation and genocide of the Armenians, this knowledge until April 1986 did not go beyond familiarity with his reputation as a humanist and a few translated documents, his complete work accessible only to German-speakers. Now the French translation--an excellent piece of work by translator Marie-France Letenoux--of "Archives du Genocide des Armeniens," published by Fayard Editions, puts within reach of a vast Armenian and French public the irrefutable proof of the responsibility of the "Young Turk" government, with which Germany had allied itself, for the extermination of an entire population.

Claude Mutafian's presentation of Lepsius' book, at Armenian Culture House in Paris on Tuesday 29 April 1986 at 2100 hours, before an audience of 80 people, contributed much to an increased understanding of the meaning and real import of this collection, as well as the personality of that humanist, about whom most of the public knows only that his intentions were laudable and his work credible precisely because, being a German, he could not be suspected of partiality against the Turks.

Claude Mutafian (mathematician) is, along with Claire Mouradian and Alice Aslanian, one of the founders of the Armenian Cultural committee, which with the appearance of this new work has embarked on its mission of spreading Armenian history by means of translated works in various languages. In his remarks, he brought out little-known and poorly understood aspects of Lepsius' personality, and also discussed the way he has been exploited in the West, too often to fan a Germanophobia to which his work served as grist for the mill.

Claude Mutafian therefore emphasized this duality about Lepsius, a German pastor, extremely pro-Armenian and at the same time extremely patriotic, showing that this duality was not expressed in contradictory ways, at least

not by Lepsius himself; his collection of government archives, put together in fact with the assistance of the German Ministry of Foreign Affairs right after the First World War, would prove in some sense the focal point for resolving this possible contradiction; his first book on the Armenian problem, "L'Armenie et l'Europe," appearing in 1896, was banned from publication for a time by the German government.

For Lepsius, Germany was not in any case solely responsible, by its silence, for the massacre of the Armenians or the non-resolution of the Armenian problem, which he saw very clearly: for him the Armenian problem was purely political and administrative; he wrote, for example, that "the powerful nations did not want to see what was happening." He was also prophetic when he insinuated that the foreign powers only reacted when, as at Zeitoun, the Armenians resisted; then, they imposed a ceasefire.

In 1915 Dr Lepsius, president of several charitable organizations, was editing several secret reports on the status of Armenians in Anatolia. Some 20,000 copies of his second book were published in 1916 by Temple Editions, with the disapproduction [as published] of the German government.

Two reasons lay behind the preparation of his third book, "Archives du Genocide Armenien," which appeared in 1919 under the title "L'Allemagne et l'Armenie" and was published by the German government: first the personal reaction of the humanist before an event as tragic as the Armenian genocide, and second the desire to put to rest slanderous suspicions about Germany's role.

The fact is that at present Lepsius' book and the blue book by the Englishman Toynbee, along with the memoirs of the American ambassador Morgenthau, are the two basic documents on which rests the case for the Armenian genocide. Claude Mutafian laid stress here on the unusual nature of the work and undertaking of Dr Lepsius: a Western production, by a representative of a state which was allied with the Ottoman Empire, which (even though true to the facts) focuses increased attention on Germany's role in the genocide of the Armenians. Ambassador Morgenthau, in his preface, speaks of pan-Germanism. The Russian Mendelstam in 1913 was the representative of a powerful Russian current of anti-German sentiment. Arnold Toynbee, author of the blue book, historian and humanist, succumbed to anti-Germanism, as a result of which the blue book, done at the behest of the English government, was held by the Turks to be a work of anti-German propaganda. That impression was reinforced by his sudden pro-Turkish shift in the 1920's.

What Lepsius was raising his voice against, and what Claude Mutafian tried to clarify, was the role attributed to Germany in the Armenian genocide, as for instance in Morgenthau's assertions that Germany was responsible for the deportations. Lepsius treated the problem of the responsibilities of the powers from a German viewpoint, which enabled him to compare Germany's responsibilities with those, frequently forgotten, of the allies. His work also shows both the errors and the generous actions of a German diplomacy which did more than simply follow orders from the German government. If Baron Wangenheim, Germany's ambassador to Constantinople up to 1915, was rather hostile to the Armenians [GAMK of Wednesday 30 April 1986], his successor in

October 1915, Wolf Metternick, went directly up against Turkey in December 1915 on the Armenian issue, when in an exchange with Talaat Pasha the latter categorically ordered him not to interfere in internal problems.

This was in no way an effort by Lepsius to "whitewash" Germany, and Claude Mutafian emphasized this point: undeniably it was indifferent to what was happening to the Armenians, and in the face of a tragedy of such vast magnitude indifference amounts to complicity. But it was necessary to put an end to the accusations which too often beset Germany--accusations which the Western powers, by exaggerating, could use to dissimulate their own indifference. Certainly Germany's role was ambiguous: when he ran up against Talaat's prohibition, Wolf Metternick sought to publicize the fact, shortly afterward. But one German officer "alone" was said to have participated directly in the massacres.

This German dimension of Lepsius, revealed to an Armenian public which previously had treated him as an exceptional character, does not in the least detract from his testimony. Quite to the contrary, it shows the spiritual maturity and ethical character of a man who tried to consider the errors of his country at a time after the war when it was an international pariah. Above all, his work brings together the only truly official government documents which the Armenians can use as a basis for their claims.

9516
CSO : 4619/40

U.S. DEMOCRATS CRITICIZE REAGAN FOR STAND

Paris GAMK in Armenian/French 13 May 86 p 1

[Text] In a special communique issued on the occasion of April 24, the Democratic National Committee criticizes President Reagan and the Republican Party for their opposition to the House Joint Resolution 192 which commemorates the Armenian genocide.

Below is a translation of the communique:

On 24 April 1986, we, the Democrats, will once again respect and honor the memory of 1.5 million Armenians slaughtered nearly 71 years ago.

We mourn the loss of so many lives who became the victims of racism and hatred, and we wish to send a message to those who would rather prefer that we did not remember. It is our moral duty not to ever forget these massacres and not to let others sit idle while they permit the committal of such horrendous crimes.

We, the Democrats, will prove to the Reagan administration that we will not permit historical records to become a victim of today's political and strategic interests. In December 1985, California Democratic Congressman Tony Coelho and Michigan Democratic Congressman Carl Levine sponsored a joint resolution whereby the U.S. government would finally recognize the Armenian genocide officially. Unfortunately, however, the Republicans defeated the resolution.

Let there be no misunderstanding: This horrible tragedy—the pointless and organized murder of more than a million Armenians between the years 1915 and 1923—is an historical fact and a shame for humanity. American newspapers have recorded this documented massacre. The U.S. State Department has strongly protested against it. The U.S. Congress has recognized it. Why then, 71 years later, should President Reagan and his State Department steadfastly hinder the passage of the House Joint Resolution whereby the first genocide of this century would finally gain official U.S. recognition?

The Armenians have already suffered more than they should having lost so many lives. The denial of the existence of the Armenian genocide increases their anguish and creates a dangerous precedent of indifference toward the lessons of history no matter how vile they are.

Let us be clear: We must never forget the extermination of the Armenians that took place 70 years ago. We must never forget the massacre of 6 million Jews 40 years ago. We must never forget the massacre of millions of Cambodians that took place only a decade ago.

On April 24, we, the Democratic Party, pledge to continue the struggle to honor and to pay tribute to those who suffered and got killed during the Armenian genocide. Today, we remain firmly committed to defeating those who wish to eradicate the truth. And we promise that we will never allow such savagery to occur again anywhere in the world.

9588
CSO: 4605/37

ARMENIAN AFFAIRS

U.S. RECEPTION HONORS ADVOCATE WHITAKER

Paris GAMK in Armenian/French 7 May 86 p 1

[Text] "Anyone who has studied history objectively must come to the conclusion that it was definitely genocide," stated Benjamin Whitaker in reference to the Armenian genocide during a reception given in his honor.

This reception, organized jointly by Representative Tony Coelho (D-California) and the Armenian National Committee of America (ANCA) was held on Wednesday 2 April 1986 in the reception rooms of the Cannon House Office Building.

Benjamin Whitaker, an Englishman, has been a member of the Subcommittee on Human Rights of the United Nations since 1982. He has been the chairman since 1983. As such he wrote the subcommittee's report on genocide, of which section 24 mentions the Armenian genocide and cites it as a case of genocide which preceded the 1984 UN convention on genocide.

Benjamin Whitaker is the president of the Minority Rights Group, a non-governmental organization based in London and his interest in human rights has led him to denounce the injustices of which ethnic, religious, racial and political minorities are victims.

In his opening speech, Aram Kailian, member of ANCA's executive board, pointed out "the political meaning of this encounter" which allowed "Benjamin Whitaker, British champion of human rights, and the American senators and representatives as well as a member of the Canadian parliament to meet and express their interest in the cause of universal recognition of the Armenian genocide."

Vahe Yacoubian, ANCA's director, spoke after him to introduce "a man devoted to the distinguished task of struggling for the political and social equality of all people." He then mentioned those present: the Lebanese ambassador, Mr. Bouhabib, attaches from the Greek and Cypriot embassies, and Senator Alan Cranston (D-California). Many members of the

Armenian community in Washington, as well as staff members of Congressmen who very actively supported the Armenian cause, came to express their gratitude for Whitaker's work.

Also present were ANC representatives from New York, New Jersey, Philadelphia, Boston and Washington.

Addressing the honored guests, Tony Coelho stated, "We are honoring here a man who wants to reestablish the truth. He is a courageous man and a man of integrity. There are people throughout the world, especially in Turkey and here in the government, who would like to interpret the facts in their own way. It is shameful that the Turkish government has spent $6 million to prevent us from acknowledging the genocide." He then expressed his respect for Whitaker who "in order to accomplish what he felt was his duty did not cede to the pressures."

Bill Attewell, Canadian member of parliament who favors the Armenian cause, also came to the meeting at the invitation of the Toronto ANC and was accompanied by the president of the Toronto ANC, Sarkis Assadourian.

In his speech Attewell stated, "We in Canada are conducting the same campaign as you in the United States. We ardently wish to see this historic mistake rectified. You have allies in Canada on this matter. We will participate at your sides in this international battle for truth until we are victorious."

It was then the turn of the ANC representative from the east coast, Takul Sonentz Papazian, to express his gratitude to "Mr. Whitaker and to all those who convey the message of truth with courage and dignity."

He continued, "In this apparently interminable quest for justice the Armenian nation is today at a crossroads. It knows that resolving the Aremnian question is an integral part of resolving major world problems."

He concluded by insisting on the necessity to regroup and to create links with other peoples in the fight for the Armenian cause. "We must work so that dignity and justice are equally divided among all people."

Whitaker then addressed the audience and thanked them for the invitation. He recalled the behind the scenes politics of the famous "section" referring to the Armenian Genocide.

He made wide reference to the number of archives held by various governments--American, British, German and Austrian--and which supported the genocide theory.

He expressed his "conviction that sooner or later a generation of intelligent people will emerge in Turkey and realize that history cannot be rewritten and that it would be to Turkey's advantage to reconcile itself to the truth."

He called on the Turkish government to follow the example of the German government and to accept the past so that it can confront the future. He suggested that "the international community convene a forum on the Convention on Genocide so that this terrible crime--the most extreme human rights crime--does not happen again."

Representative Nancy Johnson (R-Connecticut), a longstanding friend of the Armenian community in America, made the last speech of the reception, which was closed by the moving presentation to Mr. Whitaker of the flag of the independent republic of Armenia by two survivors of the genocide, Nevart Assadourian of Washington and Hratchouhi Pakradouni of New Jersey.

9720
CSO:4619/45

STUDENT EXHIBIT IN U.S. DISALLOWED

Paris GAMK in Armenian/French 14 May 86 p 3

[Text] Fresno—A library official of the California State University in Fresno has turned down a proposal by the Armenian Student Association to hold an exhibit on the Armenian genocide in the library during the month of April.

In a letter to the Armenian Student Association on 6 March 1986, Deputy University Librarian Stephanie Hillman describes the proposed exhibit as a "private viewpoint" and notes the university's special policy which prohibits organized exhibits "focusing on the ideologies of private organizations or parties."

The provisional director of Armenian studies (Armenian Studies Program), Barlow Der Megerdichian said: "It is difficult to believe that a university official sees controversy in the Armenian genocide when the Armenian Studies Program and the Armenian Student Association have been educating the university community on this issue for years. It is particularly repugnant when we recall that Governor George Deukmejian and the State Legislature officially recognized the Armenian genocide last year. I consider Ms Hillman's attitude insulting toward the Armenian community and especially the survivors of the genocide. It was only 6 years ago that the Armenian Student Association had a problem with the Harvest Festival Committee, when the opening of the festival was set on 24 April (the date when Armenians commemorate the genocide). It is painful to see the same insensitivity in the light of our previous conflicts."

Jim Malkhasian, the President of the April 24 Committee of the Armenian Student Association, recalled another precedent for the current incident:

"Unfortunately, this is not the only incident. In 1978, officials of the University of California at Berkeley bowed to the pressures of the U.S. State Department and removed an Armenian genocide exhibit which was later in large part exhibited thanks to the interjection of the then Attorney General George Deukmejian and other concerned individuals. I would like to know whether unseen pressures have been applied in this case as well."

The Armenian Student Association is currently trying to have the university policy reversed.

The decision to bar the exhibit follows a recent announcement that Armenians donated around $100,000 for the construction of the Lee Ann Feeters Business building and the Valley Business Center at the California State University in Fresno.

9588
CSO: 4605/39

ALGERIA

EDUCATION MINISTER ON CADRES, HIGHER EDUCATION GOALS

Algiers EL MOUDJAHID in French 28 Apr 86 p 2

[Article: "Factors Involved in Achieving Better Balance Between Education and Employment"]

[Text] The second session of the Central Council for Coordination of Relations Between Higher Education Institutions and User Sectors was chaired yesterday by Mr Abdelhak Brerhi, member of the Central Committee, minister of higher education.

This second session was devoted to the study of two points:

--Assessment of the activity of the council since its creation in 1983, in order to be able to tell the government what is needed to stimulate further improvements in coordination.

--Adoption of an eight-point work plan to stimulate intersectoral reflection on questions of mutual interest to sectors of economic and social activity, on the one hand, and to institutions of higher learning on the other.

In his opening remarks, the minister underlined the importance of coordination between the sectors, which should lead to concrete measures enabling higher education institutions to dispense high-quality training linked to the nation's skilled manpower needs.

In that context, he said, special emphasis should be given to concepts of practical training, the exploitation of available human and material resources, as well as coordination, at the base, between production enterprises and institutions of higher learning.

In assessing the work of the central coordination council, the minister described the positive achievements, which should be further enhanced, he said, by proposed regulatory measures that would govern:

--pedagogical organization of classes, their financing as well as their evolution and development. This activity, the minister said, should lead to elaboration of a national schedule of practical training classes for our students.

--continuing education for instructors, a basic factor in achieving continuous improvement in performance and an especially valuable tool for organization and guidance of professional careers.

Demonstrate Ingenuity

--extension of "study loans and university service loans" provided through creation of university research units whose activities are oriented to sectoral concerns.

--promotion of associate education through creation of specialized post-graduate fields and the structuring of this kind of career.

--refinement of the university curriculum to mesh with the volume of needs and the courses of study, as well as rational utilization of available infrastructure, particularly in the non-MES areas.

The minister asked the members of the council to show their ingenuity by creating coordination mechanisms that will integrate the base units of the training sector with those in economic and social activities.

The mobilization of everyone, the coordination of our activities in whatever training sector and the exploitation of skilled manpower are imperatives, especially in the current economic crisis, the minister said.

We note that the central coordination council already held an initial session on 14 January. Its program for the current year includes the following issues:

1) Academic course policy: regulatory language, pedagogical organization of classes, model agreements between institutions and enterprises regulating courses and the terms for financing them.

2) Adding new degree programs.

3) The policy of continuing higher education, particularly in the academic disciplines of engineering and management.

4) Development of associate education in the institutions of higher learning.

5) Expansion of the "Study Loans and Higher Education Service Loans" program.

6) Refinement of the higher education curriculum.

7) Organization of the 1986-1987 academic year, particularly in the non-MES institutions.

8) Strengthening of the mechanisms for intersectoral coordination.

ALGERIA

BRIEFS

RAILWAY COOPERATION WITH INDIA--A Rs 1,000 million ($82 million) contract to renew the 80-kilometre railway line between Thenia and Chief is expected to go to Indian Railway Construction Company (Ircon). The scheme was discussed during a recent Algiers visit by minister of state for railways Madhavrao Scienda. During his trip, he signed a four-year extension to the 1981 railway co-operation agreement. The order will be carried out in partnership with the local Societe Nationale d'Etudes & Realisations & d'Infrastructures Ferroviaires (SNERIF). The Transport Ministry has been urging foreign firms to set up joint ventures to carry out railway work, but Ircon has been unable to agree the terms of such a venture with SNERIF (MEED 3:5:85). The contract entails replacing concrete and wooden sleepers, expanding ballasts, installing drains, stabilising cuttings and embankments, rebuilding culverts, and remodelling and extending lines in the rail yards along the track. Ircon is already involved in two railway construction projects; both went ahead according to the October 1981 agreement. Work on a 1984 contract to build a 22-kilometre line from Ain Temouchent to Beni Saf cement works iw now 35 percent complete. The $80 million project has been subject to delays; it is now for completion by the end of 1987 (MEED 21:9:84). [Text] [London MEED in English 10 May 86 p 8] /9274

YUGOSLAVS TO IMPROVE AIR BASE--Yougoslavia's Ingra says it has signed a contract to extend Boufarik military air base, south of Algiers. The value of the work, which entails extending and upgrading runways and maintenance hangars, is unofficially estimated at $160 million. Ingra's bid for the project is said to have been about 30 percent below the offer put in by the U.S.' Pullman Kellogg Constructors, which at one stage was favoured to take the contract. Pullman Kellogg signed a lump-sum contract to extend the base in early 1985 but it was never approved by the public contracts committee. The Defence Ministry asked for a retender and revised bids were submitted at the end of July 1985 (MEED 13:7:85). Other Yugoslav construction companies will take part in the project, which is reported to be the subject of a government-to-government barter deal involving supplies of Algerian crude. The effect of the oil price's collapse on these arrangements was discussed during a recent visit by Yugoslavia's federal Energy & Industry Secretary Rade Pavlovic (MEED 26:4:86). The decision to extend Boufarik was taken because of plans to base most of the air force's C-130 Hercules transport aircraft there, diplomats say. The U.S.' Lockheed Georgia Company has supplied the military with 10 C-130H aircraft and seven advanced C-130H-30s. The extension contract comprises about 1.5

million cubic metres of excavation, 1 million cubic metres of earthfill, and laying 300,000 cubic metres of cement, contractors say. Designs for the air base, as well as for afaraoui military base, were carried out by France's Sofreavia (MEED 27:7:79). [Text] [London MEED in English 17 May 86 p 17] /9274

AIRPORT CONSTRUCTION BIDS TENDERED--International companies were to submit bids on 17 May for part of a scheme to rebuild Annaba airport, near the border with Tunisia. About 45 contractors bought tender documents for the work from the client, Annaba wilaya (governorate). The project, mainly for infrastructure construction, is the first phase of a planned expension of the airport according to designs drawn up by Yugoslavia's Union Engineering. Phase one has been tendered in six lots--general infrastructure, work on a new terminal, a power station, water tower, water treatment plant, and a pumping station. Infrastructure will entail building roads, water supply and sewerage networks. Union Engineering was originally contracted to do design work on Annaba airport by state-owned Entreprise Nationale pour l'Exploitation Meteorologique & Aeronautique (ENEMA). In line with the government's decentralisation policy, responsibility for the project has been transferred to Annaba wilaya. [Text] [London MEED in English 17 May 86 p 17] /9274

PIPELINE COOPERATION WITH LOCAL FIRM--Two international companies have improved their chances of winning an estimated $200 million pipeline contract by agreeing to work with a local firm. France's Spie-Capag and the U.S.' Bechtel have reached separate agreements with Entreprise Nationale de Canalisation (Enac) about involving the local company in construction of the 600-kilometre GK-2 gas line, planned to link Skikda with the Hassi R'Mel field (MEED 16:3:84). Client is the state power concern Sonelgaz. Two other companies--Japan's JGC Corporation and Italy's Saipem--have been unable to agree with Enac the terms of a joint venture for the project. Enac is expected to do most of the construction and pipe laying; the foreign firm will provide equipment and technical assistance. "The level of local integration on the project is very important (to the client)," says one of the bidders. Negotiations about the contract have been under way for several years; talks about involving Enac in the scheme began in early 1985. The project entails laying 600 kilometres of 42-inch pipe and 125 kilometres of 28-inch pipe to the Skikda liquefied natural gas (LNG) complex. The 42-inch pipe will be made locally (MEED 30:11:85). Procurement supervision is being carried out by France's Sofregaz, according to a contract awarded in December 1984. [Text] [London MEED in English 17 May 86 p 17] /9274

GAS INJECTOR PROJECT ON HOLD--State hydrocarbons concern Sonatrach has frozen the award of a contract for an estimated $55 million project to build a gas injector at Guellala, near Ouargla, contractors say. The decision follows the oil price collapse and the resulting cuts in the government's 1986 investment budget (MEED 3:5:86). The Guellala scheme, which involves the installation of compressors to reinject treated gas, was originally tendered in mid-1984. Sonatrach received 14 bids from international companies for engineering services and equipment supply. Construction work, which accounts for about half the project cost, was to have been done by the local Entreprise Nationale des Grandes Travaux Petroliers. Five companies were in a good position to win the

engineering order--Japan's Mitsubishi Heavy Industries (MHI), the French subsidiary of the U.S.' Lummus Crest, France's Framatome and two Italian companies--Snamprogetti and Compagnie Tecnia Internazionale Progetti (CTIP). At the end of 1985 they were asked to accept a countertrade arrangement involving supplies of crude and condensates. This was abandoned after the oil price slump. Talks are continuing about a further two Sonatrach projects tendered in early 1986. Both are for gas injection--the first at the Ait Kheir field, and the second for new units at Hassi Messaoud (MEED 8:2:86). At a recent meeting with Sonatrach, bidders were asked to submit modified proposals for the Ait Kheir project by 20 May and for Hassi Messaoud by 31 May. [Text] [London MEED in English 17 May 86 p 17] /9274

CHINESE WIN DAM CONTRACT--A contract to build an estimated $70 million irrigation dam at Boukourdane in Tipaza wilaya (governorate) has gone to China State Construction Engineering Corporation (CSCEC). Work on the project will not start until . CSCEC has negotiated a parallel countertrade agreement with state hydrocarbons concern Sonatrach for supplies of Algerian crude to China, a company official says. Tenders for the project were invited in 1985 by the client, the Hydraluics, Environment & Forestry Ministry (MEED 17:5:85, Tenders). The detailed project studies and preparation of tender documents were carried out in 1984-85 by Switzerland's Bonnard & Bardel. Work entails 3.5 million cubic metres of earthfill, laying 100,000 cubic metres of concrete and erecting 5,000 square metres of cast wall. CSCEC is said to be encountering some difficulty in negotiating a countertrade agreement, as a result of the volatile nature of the oil markets. [Text] [London MEED in English 24 May 86 p 8] /9274

JAPAN, USSR COMPETE FOR CONTRACT--Two international companies have emerged as front-runners for an estimated $120 million contract to replace part of the crude oil pipeline between Haoud el-Hamra and Sikikda. Japan's JGC Corporation and the Soviet Union's Tsvetmetpromexport have been told by state hydrocarbons concern Sonatrach that other companies have been eliminated from the competition for the project, which was tendered in September 1984. Funds to enable the project to go ahead were included in the original 1986 budget approved at the end of 1985. But it is not yet certain if the revised budget, drawn up after the oil price slump, has retained the pipeline project as a priority. Revisions included a 26 percent cut in investment spending (MEED 3:5:86). The project entails replacing the northern 383-kilometre section, between Djemaa and Skikda, of the 637-kilometre crude oil pipeline that links the Haoud el-Hamra oil field with the export refinery at Skikda. The original 34-inch-diameter pipeline was installed in the 1960s by Italy's Saipem. If Sonatrach decides to go ahead with replacing the northern section of the pipeline, financing terms put forward by JGC Corporation and Tsvetmetpromexport will probably be an important element in deciding the contractor. Oil pipeline projects were mentioned in the $350 million credit package recently agreed with the Soviet Union (MEED 5:4:86). [Text] [London MEED in English 24 May 86 p 8] /9274

CSO: 4500/126

UNIVERSITY STUDENTS' ACTIVITIES, VIEWS EXAMINED

Cairo AL-NUR in Arabic 19 Mar 86 p 3

[Article by Ahmad al-Qadi and Ibrahim Nasr: "Outcome of Student Activity at University; Student Unions in Hands of Islamic Current; Communists Declare Their Bankruptcy and Are Renounced by Students; University Families Provide Suitable Legitimate Outlets"]

[Text] The university academic year is about to end with all the student events and activities it has witnessed. The year has witnessed fierce competition in the elections for the college student unions and the Islamic current has swept its rivals. Secularism and communism have declared their inability to achieve what the students want.

Before the academic year came to an end, AL-NUR conducted this tour in the university campus to observe the year's outcome and to explore the students' and professors' opinions on the student activities accomplished by the Islamic current. The university families have allied themselves with and supported the Islamic current against the other currents that have exposed their cards. What do the students and professors say about this year's negative points and what do they want in the future?

Islamic Fulfillment of Promises

'Abd-al-Munsif Mahmud, a second year student at Cairo Law School, said: Through the Islamic current's gains, the students have become aware of the bankruptcy of the communists and the Nasirists and of their glittering promises and hollow slogans. The students have found nobody other than the Islamic groups to fulfill their wishes and realize their hopes for activities.

Ahmad Hasanayn al-Qadi, a senior at al-Zaqaziq School of Commerce, agrees with the above opinion, saying:

The union students must utilize the success they have achieved this year to entrench themselves because their failure, God forbid that it should happen, is a blow to the Islamic group generally.

Tharwat Tawfiq Fahmi, a student at al-Mansurah School of the Arts, added that the union students must adhere to their Islamic course in word and deed.

More Entitled Than Others

Umaymah 'Abd-al-'Aziz, a student at the Science College, said:

I have heard of the Islamic current's success in the union elections. This is because the Islamic current students are more entitled to the union than others.

Another female student of the Science College has declined to reveal her name said: It is better to have a union formed by the Islamic groups' students than by the communists because the Islamic students hold clear Islamic ideas and principles.

Dr 'Abd-al-Sabur Shahin, a professor at the Science College and a well-known Islamic intellectual, noted that formation of the union in the various universities in the manner in which it has been formed indicates that the student masses put their trust in those who uphold the Islamic idea. This position puts a heavy responsibility on the shoulders of the youth given this trust. Shahin added: These youth are required to exert their utmost effort to achieve as much good as possible for the students, especially students in need of assistance. Moreover, they must exert efforts to eliminate the obstacles and the psychological complexes under which their opponents live because there is no hostility and no mutual hatred between the Islamic youth and those who oppose them. What exists is a mere difference of opinion on the election position. Difference of opinion does not spoil the cause of friendship.

Positive Points

Amani, a female student at the Science College, notes that the union activities included holding the Islamic book fair throughout the university and a fair for Islamic young women to supply the committed woman with the Islamic dress. Amani has also said that another example of the positive features is that the union has set aside a staircase for female students and one for male students at the Science College.

Student Muhammad 'Abd-al-Rahman has said: The union's distinguished activities include the holding of the Afghanistan fair and the Islamic book fair. 'Ali Hashim, a student at 'Ayn Shams School of the Arts, said that one of the virtues of the Islamic current is that it put up posters explaining the value of returning to Islam and of clinging to its sound values and principles. Such posters did not exist before. This is in addition to Islamic contests that had not existed before.

Negative Points

Citing some of the shortcomings of these students, 'Abd-al-Munsif Mahmud, a student at the 'Ayn Shams Law School, said that some of these students do not possess enough experience and we find that they engage in superficial activities that may lead to suspending their activities.

Muhammad 'Abd-al-Rahman, a licentiate student at the Science College, said that these students have opposed the staging of plays at the Science College, thus motivating the college administration to approve the staging of a large number of plays. They could have utilized the stage to present Islamic plays or to respond to the plays performed with Islamic seminars addressing the broad base of students that have elected them.

Student Ahmad Hasanayn believes that one of the shortcomings of the Islamic current on the students in the union is their failure to control all the activities. For example, joint trips are still organized for both male and female students. This is something that does not befit the Islamic society. He said: We hope that these students will take these negative features into consideration and will avoid them so that they may continue to be in control.

Isolationism

Dr 'Abd-al-Sabur Shahin has said that one of the negative features for which the Islamic youth are to be blamed is their isolation within closed groupings that do not mingle with the other students. He urges them to fully mingle with all the students so that the influence of Islam may reach all students without reproach or harm and without any accusations of delinquency, infidelity, or of apostasy. We have had enough bigotry that produces nothing but regret and aimlessness.

Opinion of Union Students

Fathi Sa'd Fayiz, secretary of the Cairo Law School Union, said: We hope to overcome the negative features pointed out by our colleagues and we promise to exert our utmost efforts to do so. For example, we have organized numerous seminars to which we invited prominent ulema. We are also about to publish a magazine under the name of AL-HIWAR to explain certain concepts to the students and to enlighten them about Islamic affairs. Student 'Awad al-Dawi, the leader of the union of the Foreign Trade School of Hulwan University, said: We exert our utmost efforts to overcome difficulties. We beg our colleagues not to pay attention to the charges, such as the charge of fanaticism, made against us in order to oust us from the union. God knows what kind of effort we are exerting to overcome all the obstacles the administration puts in our way. God willing, we will do our best to overcome these short-lived shortcomings and we hope that our colleagues will help us in this regard.

Dr Muhammad Ra'fat Sa'id, a Shari'ah professor at the Science College, said that it is conditional that the numerous student efforts within the family be founded on the same bases and that they seek to serve the same objectives which are compatible with our Islamic religion and values.

The objectives which the families must seek are those objectives that channel the student efforts toward a course that produces results compatible with the Islamic principles so that we may see students working seriously to acquire an education and to serve their nation in this regard, so that

we may see students graced with the mobile qualities of humility, gentleness, kindness and compassion when dealing with and learning from their teachers and when dealing with their colleagues, so that we may see students in the prime of their youth exerting their utmost efforts to serve their nation and society and devote their effort for the benefit of this nation by interacting with its aspirations and pains and by offering capabilities that enable it to prosper so that we may see students who carry the banner of love, compassion, and Islam to the world.

If these principles and objectives are found among the many families, then we will guarantee that the efforts will be united. But if the principles and objectives differ, then this difference will have a negative impact on the families because we will find one family building and another destroying or, at least, we will find conflicting families if the principles and bases are in conflict.

Trust of Responsibility

A family leader shoulders a major trust and a big responsibility toward the students who have put their confidence in his leadership. Such a leader must rise to this noble level and exert maximum efforts to guide and care for the students intellectually, socially, morally, and in terms of behavior. He must also correct any concepts incompatible with the reality that he may encounter among some students. He must not forget that the hours he spends with his students will have the biggest impact on their educational future and on their general life because each of these leaders is a shepard and each is responsible for his herd.

Families Are Healthy Phenomenon

Dr Muhammad Nabil Ghanayim, the leader of al-Amal Family at the Science College, said: We notice that the spread of families in the university colleges is a healthy phenomenon which, if used and exploited properly and led along the right path, will achieve the desired objectives. But if misused, if it turns into a manifestation of division and fanaticism, and if it swerves from the goals entrusted to it, then this phenomemon is futile.

It is within this framework that al-Amal family at the Science College and other families have been formed. In the presence of the family leader, the activity rapporteurs and their assistants are elected democratically. I have witnessed the election for al-Amal family's activity rapporteurs.

Chance To Engage in Activity

Ahmad Muwafi, an instructor at the Shari'ah branch of the Science College, said: We must prevent exploitation of the families for objectives incompatible with the conduct of the college student as a model for the other segments of society--objectives such as brazen mingling of the sexes and dancing parties.

We want to enhance the families' level so that they may work to solve the students' problems, especially the problems of newcomers from the villages and provinces, and may try to find solutions to the housing, clothing, and textbook problems.

The families can contribute to spreading awareness among their members, both young men and women, regarding the dangers of drug addiction and all the dangers emerging in society and posing a threat to the youth.

Legitimate Outlet for Student Problems

Jamal 'Abd-al-'Aziz, a morphology and syntax instructor at the Science College, said: We consider the families the fundamental legitimate outlet through which the student can express his opinion and present the solution he deems fit for a problem. I also believe that the family's tasks include, especially in this period, the spreading of real awareness regarding the phenomenon of drug addiction of all kinds because addiction is aimed at destroying society and demolishing its identity.

Observations Concerning Families

Jamal 'Abd-al-'Aziz added: It is noteworthy that there are families which work in the same direction and yet we find that they are in conflict and dispute, even though the families were created basically to absorb and dissolve the differences. What is required is for these families to unite and rise to achieve the objective for which they were created in the first place.

There are prerequisites that must be met by those who lead the families. A family rapporteur must be a student with an outstanding academic achievement so that he may be heard and may be influential. He must also be close to the spirit of religion because he has to present his issues and problems by the criterion of religion which is the sublime criterion for dealing with issues and problems successfully. The rapporteur must also have previous experience in the sphere of student activity so that he may manage matters more realistically and carefully. There is no objection to the participation of new students. However, a family rapporteur must be chosen on the basis of consultation and must be acceptable to all the student circles.

Student Viewpoint

Student Usamah al-Wasimi, rapporteur of al-Amal Family at the Science College, said: One of the objectives of the family is to facilitate matters for the students and to solve their problems. For example, the family acquires a number of books from each professor and distributes them to the students who cannot afford to purchase them. Moreover, the family is concerned with religious and cultural activity. On Islamic occasions, the family organizes ceremonies to which it invites prominent professors of the venerable al-Azhar. The venerable Koran station has transmitted some of our religious ceremonies, The family also makes it conditional

that a student joining it adhere to the religious ethics and that a female student wear the Islamic dress. The student's behavior inside and outside the college must be a virtuous behavior. This is a commendable effort and we hope that these kinds of student families which work to serve religion and our country will increase in number year after year.

8494/9190
CSO: 4504/283

LIBYA

BRIEFS

ADDITION OF 'GREAT' TO NATION'S NAME SOUGHT--Brothers and sisters, good evening: A flood of telegrams and letters have been arriving at the Secretariat of the General People's Committee for Information and Culture from the basic people's congresses, inside the country and abroad, as well as from various jamahiri forces throughout the world. These telegrams and letters demand that the word great be added to the official name of the Jamahiriyah because this great Jamahiriyah has withstood the biggest power in the world and the NATO-U.S. aggression. Therefore, the United States and Britain, and the rest of the NATO forces, do not deserve as of today to be called great. These telegrams and letters have also called for Reagan and Thatcher each to be given the nickname of child-killer. [Text] [Tripoli Television Service in Arabic 2152 GMT 20 Apr 86] /9604

COMMERCIAL INTERESTS INVESTIGATED--Magistrates investigating Libyan interests in Italy have discovered that Tripoli has invested enormous amounts in a wide range of assets, the Milan daily Corriere Della Sera reports. Magistrates have uncovered investments in property, publishing and printing firms, television and radio stations, a shipping agency and other companies. They are concentrated in the Rome area, and in Sicily and Sardinia. If necessary, the government would introduce legislation to bring an end to what could be "an anomalous, uncontrollable and very risky situation," the newspaper said. The survey of Libyan interests could serve as the basis for freezing or sequestrating assets against non-payment of debts to Italian firms.(MEED 3:5:86). [Text] [London MEED in English 24 May 86 p 6] /9274

CSO: 4500/127

COOPERATION WITH SAUDI ARABIA IN CHEMICAL, MINING SECTORS

Tunis LE TEMPS in French 24 Apr 86 p 4

[Article: "New Spirit of Tunisian-Saudi Cooperation in Chemical and Mining Industries"]

[Text] Economic Affairs Minister Rachid Sfar yesterday received a visit at his department headquarters from Sheikh Ibrahim Abdallah Ben Salama, vice president of the Saudi Primary Industries Company. The talks covered ways to give a new impetus to Tunisian-Saudi cooperation in the chemical and mining domains.

Mr Rachid Sfar took the opportunity to emphasize the excellent relations which exist between the two countries and are the best incentive for strengthening bilateral cooperation in various domains.

"The problems we see in the current international economic situation," said Mr Sfar, "impel us to intensify our cooperation to make it more effective and to work toward reducing our external dependence, by means of building up our trade and working together on projects that address the needs of our two countries."

Sheikh Ben Salama, for his part, expressed his admiration for the projects realized in Tunisia in the industrial domain and the progress he has noted in his visits to a number of industrial enterprises, especially in the city of Gabes.

It should be noted that the Saudi official is currently visiting Tunisia as the leader of his company's delegation sent out to identify fields for cooperation between the two countries.

In that regard, he held working sessions with Tunisian officials of ATI, ETAP and the chemical group.

The talks with Mr Rachid Sfar were attended by Khalifa Karoui, secretary general of the Ministry of National Economy, Salah Hamdi, the minister's chief of staff, and Sadok Bahroun, permanent and general manager of STUSID.

9516
CSO : 4519/102

ECONOMY HURT BY FALLING OIL PRICES

London MEED in English 17-23 May 86 p 41

[Text]

BAHRAIN has one of the Gulf's most diversified economies; nevertheless, it has been hard-hit by the slump in oil prices. The government's attempts to wean the economy off dependence on oil revenues have not been entirely successful: hydrocarbons still account for more than 60 per cent of state income.

The current account went into deficit in 1984, and is not expected to improve before 1988. Oil revenues have been falling by an average 7.3 per cent since 1982. The most successful economic sector, offshore banking — which contributes roughly 17 per cent of gross domestic product (GDP) — has been shaken by the regional recession.

Growth Real GDP growth slowed down in 1984 to an estimated 3 per cent; it was even less in 1985. This compares with 4.4 per cent in 1983, and a record 9 per cent in 1981. Bahrain's economy is strongly linked to those of other Gulf countries, so little recovery is expected for some time. The construction sector is depressed, with many projects frozen. The government has been successful in holding down inflation, with the rate averaging slightly above 2 per cent in 1983/84. The authorities' strict control over money supply means this should stay at around the same level in 1986. A rise in the value of imports could occur if the dollar weakens considerably, as the dinar is pegged to the US currency.

Balance of payments The trade deficit has continued to increase since 1983 as a result of the drop in non-oil exports and the rise in imports. In 1984, the deficit totalled BD 147 million ($391 million), compared with BD 54 million ($144 million) in 1983 (see table). MEED estimates that the position improved slightly in 1985, to BD 25 million, but will worsen in 1986, reaching BD 190 million.

Non-oil exports plunged in 1984 to BD 160 million, from BD 231 million the previous year. The decline was caused largely by a fall in the value of aluminium exports. These decreased by 4.2 per cent, to 205,188 tonnes valued at BD 84 million. MEED believes the economy will benefit from improved aluminium prices in 1986, when the market is expected to come out of the trough of 1985.

The value of oil exports — which made up roughly 86 per cent of exports in 1984 — rose to BD 1,020 million in the year, against BD 972 million in 1983. About 70.4 million barrels were exported, compared with 63.8 million barrels in 1983.

Output from the onshore Awali field should hold steady this year at around 41,000 barrels a day (b/d), given Bahrain National Oil Company's (Banoco's) planned $60 million investment in increased exploration. But the 250,000-b/d Sitra refinery has been adversely affected by the fact that most feedstock is bought at fixed official prices, although the products are sold at market-determined prices.

The current account moved into deficit in 1984 for the first time in six years; it is not expected to improve before 1988. Non-oil exports are unlikely to compensate for reduced oil exports.

Public spending The government has drawn up an expansionary budget for 1986-87, despite reduced income from lower oil prices. Spending has been set at BD 1,110 million, compared with BD 1,043 million in 1984/85. The focus will be on infrastructure.

Budget figures are based on a minimum

Bahrain: balance of payments, 1983-86
(BD million)

	1983	1984	1985[1]	1986[2]
Exports (fob), of which	1,203	1,180	1,077	690
oil	972	1,020	916	600
Imports (cif), of which	1,257	1,327	1,102	880
crude oil	536	618	535	430
Trade deficit	**–54**	**–147**	**–25**	**–190**
Net services and transfers	145	143	12	10
Current account balance	**+91**	**–4**	**–13**	**–180**

[1] MEED estimate
[2] MEED projection

Exchange rate: $1 = BD 0.376

Source: IMF International Financial Statistics, April 1986

oil price of $20 a barrel. Oil revenues for 1986 are estimated at BD 290 million, and for 1987 at BD 300 million. Assuming the price stabilises at around $15 a barrel, the government will face a budget deficit of BD 72.5 million this year and of BD 75 million in 1987. Oil revenues in 1985 totalled BD 361 million.

Outlook Any improvement in Bahrain's economy will continue to depend on upturns in those of its Gulf neighbours. The opening of the causeway with Saudi Arabia is expected to bring a limited amount of benefit to trade, medium-size industries and services. But to survive, Bahrain must exploit its experience and reputation as a sound provider of services and labour, and continue to be seen as a better base for regional investment than its neighbours. As oil refining's importance wanes, industries such as aluminium must grow to take its place.

The banking sector, hit by the declining fortunes of other Gulf states, is going through a troubled phase. No big banks have withdrawn, but there have been significant cuts in staffing. Lending has been reduced substantially, with many institutions moving towards investment banking. The possibility that some will decide to pull out cannot be discounted.

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FOREIGN EXCHANGE SHORTAGE AFFECTING TRADING PARTNERS

London MEED in English 17-23 May 86 p 21

[Article by Jonathan Crusoe]

[Text]

IRAQ's acute shortage of foreign exchange is causing long delays in letter of credit (LC) payments by Rafidain Bank. One Arab-owned international bank actively involved in Iraq has received no LC payments since the beginning of March; neither has it received any explanation of the delay.

Rafidain's actions appear to be selective, as payment is being made for priority goods. But some of Iraq's primary trading partners — including Japan, West Germany and Italy — are understood to be affected.

There have been no official explanations from Rafidain — the official line is that payments are being made on time. Bankers believe everyone will eventually be paid, but only after the foreign exchange position has improved.

And this may take some time. The general feeling, expressed by one banker, is that Iraq "doesn't have a penny left."

Observers believe that money will be found to meet repayments on interbank loans. The third, $71 million instalment on the 1983 Euroloan was repaid earlier in 1986. But there is a feeling that Baghdad may soon have to discuss rescheduling, or ask for new loans.

March was the month when key decisions regarding the economy were taken — at a cabinet meeting attended by top government and Arab Baath Socialist Party officials — following the slide in the oil price to less than $15 a barrel. According to a news bulletin from Iraq National Oil Company, the meeting reconsidered economic policy "in the light of the decline in oil prices and the depreciation of the dollar, and their impact on the national economy, especially since the country is in a state of war against Iran.

"The impact of these developments on our economy was discussed . . . and the necessary measures were adopted accordingly." Rafidain's delaying tactics appear to be one of these measures.

It is now clear the government decided to adopt an austerity policy — a move announced by ministers and senior officials during nationwide tours. Baghdad also decided to cut import spending by $2,000 million (MEED 19:4:86; 12:4:86). Reports from Turkey that Rafidain is no longer opening LCs on orders already placed suggest that spending may be cut further.

Spending priorities will remain the same — first the war, then food, raw materials and last, consumer goods.

At the beginning of 1986, it appeared the government had succeeded in organising the economy to cope with development priorities, as well as the war. Development now seems to have taken a back seat: several big projects in the water, sewerage and transport sectors have been frozen.

The fall in oil prices has probably reduced 1986 oil income to $5,300 million-8,000 million. The government had been relying on revenues of $15,000 million (MEED 19:4:86, page 37). It is also faced with the cost of the war, which because of the greater intensity of the fighting is now estimated to be absorbing $600 million-1,000 million a month.

In addition, the government has to find an estimated $3,000 million to service western debt (MEED 29:3:86, page 6).

More than $9,000 million worth of debt guaranteed by western export credit agencies is for repayment between 1985-90. Some countries are still providing credit — the UK, Italy and, more recently, Sweden — but requests for longer credit terms have not been successful. Turkey, faced with a $1,000 million trade debt, has turned down the government's demand for 24 months' credit for imports.

Baghdad has sought to alleviate its foreign

exchange shortages by rescheduling payments due on deferment agreements made in 1983 and 1984. The four major Japanese trading houses involved in Iraq have already agreed to defer 1983 payments until 1987; they have also been asked to defer $300 million worth of 1984 payments due in 1986 for a further two or three years.

West Germany discussed in mid-April Baghdad's requests to reschedule more than $800 million worth of repayments deferred in 1983 and 1984. Iraq continues to refuse to accept Club of Paris rescheduling procedures, but the West Germans appear to have got it to agree to treat all the main creditors the same — which is one of the club's main rulings.

Baghdad is also aware that West Germany has discussed its debt problems with fellow club members, although the subject has not been on the formal agenda.

Bonn hopes to reach some agreement on rescheduling in talks to be held in West Germany at the beginning of June (MEED 15:3:86).

No progress appears to have been made with India, whose companies have been prevented from bidding for new work locally (MEED 3:5:86). However, there are reports that an understanding has been reached on part-payment of 1983 debt with crude oil sold at market-related prices, rather than the OPEC prices on which Baghdad had previously insisted.

A team from Rafidain recently visited France — another country understood to be suffering from Iraq's lack of money. Reports say that, although interest payments on 1983 debt have been made on time, there has been some delay in payment of the $150 million principal — the third instalment due.

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NEW SETTLEMENT ON GREEN LINE UNDER CONSTRUCTION

Tel Aviv HA'ARETZ in Hebrew 27 Mar 86 p 3

[Article: "The Har Giborim Settlement Begins Construction on the Green Line in the Western Gilbo'a Region"]

[Text] On the Green Line along the western bank of Gilbo'a, the Jewish National Fund is starting to clear roads and build the Har Giborim settlement, which will overlook the Dotan Valley nearly 10 kilometers from Jenin.

Gershon Avni, manager of the forestry planning division of the Jewish National Fund, explained during a press tour of the region yesterday that the settlement is meant for young moshav residents who are ineligible to take over properties from their parents and stay on their current moshavs.

During the first stage, 200 residential units will be built by the Ministry of Housing and Construction; 400 units are planned in all. The settlement will be financed by the settlement division of the Jewish Agency. Apparently, this will be purely a residential settlement rather than an agriculture-based one; the settlers will work either in Afula or in the valley. Each family will receive a 400 square meter lot.

The Jewish National Fund is now completing road clearing in Gilbo'a, which will connect the religious kibbutzim Ma'ale Ha'Gilbo'a and Malkhishua with the religious kibbutzim in the Bet Sh'an valley. This road of approximately 4 kilometers will link up with the main road of Gilbo'a that extends 25 kilometers from Nurit.

Avni remarked that the road completion should boost tourism in the area, and enable tourists from the Jerusalem region to reach Gilbo'a by way of the Jordan valley. Parking and lookout points, from which the wide landscape of the Jezreel valley, Giv'at Ha'More and the Tabor can be seen, are being set up all along the Gilbo'a ridge.

South of this region, near (Wadi Milq), the Jewish National Fund has begun road-clearing work to the Hurshan Park on Mount Hurshan. In this region there are forests extending over a 40,000 dunam area, part of which was planted by the Jewish National Fund, and most of which is a natural forest. This road will join Ramat Ha'Natziv with Bat Shlomo.

The Jewish National Fund is actively aiding the effort to preserve two sites that are associated with the early settlement of the country. Near Mivtzar Shoni in the Benyamina region, which was the cradle of Betar settlements, a Jabotinsky Park is nearing completion that will contain a youth camp and a natural amphitheater. Another site under construction is the "Hatzar Ha Rishonim," located at the Ha Shomer Ha Tza'ir-affiliated kibbutz, 'Ayn Shemer, in the Karkor region. This site, which is surrounded by a wall, was built by early Ha Shomer pioneers, including Alexrnder Zayd and Rahel Yan'it in 1921. In 1927 the 'Ayn Shemer kibbutz was founded there which is the first settlement in the Hafer Valley near Wadi 'Ara.

Ron Hadvati and Ruth Atzmon, who are involved in the restoration work, noted that an archeological museum, a nature museum, an agricultural equipment exhibit and an audio-visual room are being planned. Until now, nearly $50,000 have been invested in the restoration which should be completed some time next year.

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GOOD BUSINESS REPORTED AT CAIRO FAIR

Tel Aviv HADASHOT in Hebrew 25 Mar 86 p 20

[Article by El'azar Levin: "Israelis Signed 10 Million Dollars Worth Of Contracts at the Cairo Fair"]

[Text] Moshe Nayr, head of the Israeli trade exhibit at the Cairo fair has told HADASHOT that Israeli firms did between $5 and $10 million of business. The exhibit was put together by the Export Institute and its expenses were divided by the institute and the 45 Israeli firms that were represented at the fair.

Nayr said that the exhibit focused on fresh food, agricultural implements, electrical devices, and vehicle spare parts. The fair lasted for 2 weeks, with most of the orders coming during the first week when the fair was open to buyers only. Each day nearly a thousand buyers stopped by the Israeli exhibit and almost 90 percent were Egyptians. Buyers from other Arab countries boycotted the Israeli exhibit.

Among some of the deals that were made, each totaling in the hundreds of thousands of dollars, were: target's sale of fire-fighting equipment, Atmor's sale of rapid water heaters, Genigar's sale of hoses, Lego and Netzer-Plast's sale of pipettes, Ravid's sale of sprinklers, and Integral's sale of vehicle spare parts through its Arab agent in Taybe. Other firms sold light reflectors and automobile rubber mats. The Zer'a firm sold a large quantity of agricultural implements. The volume of deals eclipsed the dollar volume of all such transactions since the Egyptian-Israeli peace treaty was signed.

A number of Israeli firms signed up local representatives. The sales contracts and agency agreements were signed outside of the fair at the hotels where the Israeli representatives stayed.

Nayr noted however, that because of foreign currency shortages, Egypt requires an import license for every transaction, much like Israel did during the 1950's. It will take at least 3 months to determine whether the agreements signed in Cairo will substantially add to the Israeli export trade with Egypt.

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ISRAEL

SEISMIC ACTIVITY IN AREA REPORTED, ANALYZED

Tel Aviv MA'ARIV in Hebrew 23 Mar 86 p 7

[Unattributed report: "A New Center of Earthquake Activity Has Been Discovered in the North"]

[Text] Seismic activity, which results in earthquakes, is concentrated not only along the Syrian-African faultline but, to a certain extent, in other regions in the country and the Mediterranean. The most prominent site of seismic activity is along the Carmel and Wadi Fara (north of Nablus).

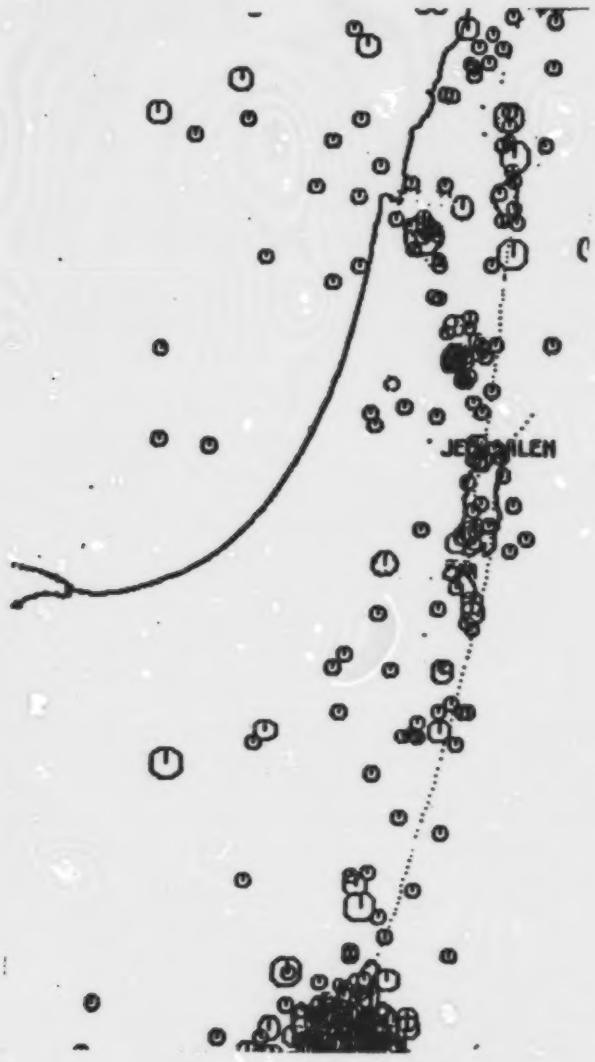
This is according to the geophysicist Eliyahu Arye, deputy administrator of the seismology unit of the Energy Ministry's Petroleum and Geophysics Research Institute in Holon, at a seminar given on the topic "Developments in Construction in Seismically Active Regions" that was given last week in Tel Aviv. The geophysicist noted that a detailed mapping of quake locations during recent years points out relatively high seismic activity along the Carmel-Wadi Fara line, which resulted in an earthquake measuring 5.1 on the Richter scale along the Carmel fault on 24 August 1984.

Experts investigated the tremor and discovered that the epicenter was not far from Yoqne'am, and resulted in the damage of a few buildings in Haifa. "We have great concern over this earthquake because of its proximity to a populous and industrial area. The tremors lit up 'warning flares' for us because earthquakes of this level were unknown in this area," said the scientist.

Among other things, the geophysicist touched upon the risk of earthquakes in the country. According to him, earthquake warnings can be given in specific areas where tremors have reached high levels. The unit's director, Dr Avi Shapira, has recently prepared a chart that illustrates areas where the likelihood of earth tremors, at least once in the next 50 years, approaches 85 percent.

Another scientist from the unit, Dr Ya'ir Rotenstein, has examined the severity of tremors recorded in various sections of the country. Scientists claim that violent tremors unleash unresolved seismic energy, resulting in earthquake activity; however, seismic inactivity is viewed as the quiet before the storm. According to statistics of seismic activity over the past 50 years, there has been a tendency towards stronger quakes occurring in the northern part of the Jordan valley, especially in the area between Kinneret and Wadi Fara, near Nablus.

Eliyahu Arye explained that historical data shows that the country and its surroundings have been strongly affected in every century. Even now, seismic activity can occur in nearly every area of the country. For that reason there is a pressing nyed to install recording instruments to measure seismic activity. The national recording network recently obtained 20 recording instruments.



Tremors recorded in recent years

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MEDICAL EXAMS FOR RELIGIOUS RECRUITS TO BE FLEXIBLE

Tel Aviv MA'ARIV in Hebrew 24 Mar 86 p 1

[Article by Yosef Walter: "Yeshiva Students Will Benefit from 'Flexible' Medical Exams at Recruitment Centers"]

[Text] The chief medical officer of the Israeli Defense Forces, General Benyamin Revah, instructed medical boards at recruitment centers throughout the country to be flexible when giving yeshiva students physicals to determine their medical profile.

The order was given in response to complaints made recently to the Defense Minister by the heads of several strictly-observant yeshivas.

These yeshiva leaders claimed that many students protested the medical examiners' methods, which involved examinations of private parts. Apparently, these examinations upset the students.

The yeshiva leaders said that such intimate physical examinations are forbidden. As a result of the complaints, the chief medical officer was ordered to investigate the matter in conjunction with the head of IDF recruiting centers to use a more liberal method when giving yeshiva students physicals.

Despite this change, it was made clear to the heads of the yeshiva that it would be impossible to eliminate physicals completely because they are essential for determining the medical profiles of those being inducted into the armed forces.

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BRIEFS

KIBBUTZ CULT MEMBERSHIP--Nearly 600 kibbutz members between the ages of 16 and 30 are involved in various religious cults. Among them are 200 religious penitents, according to the CASAH (Cults, Alcohol, Drugs and Penitents) group that operates out of the United Kibbutz Movement. According to a conservative estimate, nearly 20,000 young people are involved in the various religious cults that are currently operating in Israel. Francis Yoali, a CASAH spokesperson, said that her group is not opposed to religious penitents per se, but only to "activities that have the missionary aspects of the religious cults." Yoali's statements were publicized in the United Kibbutz Movement's journal TAQMON. [Article by Shlomit Tana: "CASAH Against Cults"] [Text] [Tel Aviv YEDI'OT AHARONOT in Hebrew 23 Mar 86 p 4] 12833/12859

CSO: 4423/100

FIVE-YEAR PLAN EMPHASIZES INDUSTRIAL GROWTH

Dubayy KHALEEJ TIMES in English 14 May 86 p 4

[Article by Pam Dougherty]

[Text]

TWO major events were competing for attention in Jordan last week. The first was the visit to Amman of Syrian President Hafez Al Assad, returning king Hussein's visit of last December.

The visit was described as successful by a government spokesman.

The second event was the presentation of the 1986-90 Five-Year Plan for discussion by the heads of government departments and public sector companies was discussed.

In opening the two days of discussions, Crown Prince Hassan gave the elimination of poverty, the more balanced development of Jordan's regions, the production of food and the transformation of Jordan into an industrial centre as the main objectives of the new plan.

Overall expenditure for the plan has been set at JD3.175 billion of which the government will provide JD1.754 billion, leaving the balance to the private sector.

The money should help create at least 97,000 jobs with 16,700 of them coming in the agriculture sector where a hefty JD280 million, nine per cent of the total investment, is planned for water and irrigation projects.

A further 44 per cent of investments, around JD1.385 billion, will go to industry in the hope of reducing Jordan's present heavy dependence on imported commodities.

Most observers have greeted the new plan as a sensible and practical document and they are particularly pleased at the emphasis on agriculture.

And in the push for a better balance of trade, imports of goods and services are to be allowed to grow at three per cent a year while the growth of exports of goods and services is targeted at 6.7 per cent a year.

Where the doubts come in, is on the question of funding. The plan does, of course, include measures to improve domestic revenues through improved tax collection and the rationalisation of public spending.

Domestic revenue

Domestic revenue is calculated to rise from its present 80 per cent of recurring expenditure in 1985 to 106 per cent by 1990. The gradual replacement of foreign by local labour will also bring considerable savings as foreign workers are at present free to send home as much of their salary as they wish.

The government is also confident that expatriate Jordanians will continue to send back around JD160 million a year as they are doing now.

But that still leaves the country heavily dependent on outside sources of financing if the plan is to be fulfilled.

Over the past five years, Arab aid to Jordan has actually dropped from JD415 million in 1981 to JD290 in 1985, and the government has now set the hoped for figure in Arab assistance at JD250 million a year. Another JD93.9 million is expected in foreign and Arab investment.

Observers point out, however, that neither of these sources is guaranteed and a further drop in oil prices and regional instability could easily jeopardise them.

This could mean an even heavier dependence on external borrowings which are already estimated at around JD1045 for the duration of the plan.

So the accent is on growth and structural change versus caution on external borrowings. The argument will no doubt continue throughout the life of the plan. How it turns out will probably be largely a matter of luck.

If the aid money flows, the government will be praised for going ahead with plans for growth. If it does not, projects will be pared down and the less essential will be shelved for another day and another plan.

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CENTRAL BANK WARNS AGAINST MONEYCHANGERS

London MEED in English 17-23 May 86 p 22

[Text]

The central bank has warned local banks that loans to local money changers must not exceed twice the paid-up capital of the company concerned. The ruling follows the early-May collapse of leading money changer ***Saliba & Rizk Shukri Rizk***, and the apparent suicide on 8 May of co-owner Saliba Rizk.

The company collapsed with total liabilities estimated at JD 18 million ($54 million). This includes JD 9 million ($27 million) from about 400 individual depositors, JD 2 million ($6 million) in loans from local banks — plus a similar sum from foreign institutions and money changers — and JD 3 million ($9 million) in uncleared cheques and remittances.

Local auditor ***Saba & Company*** has been commissioned to evaluate the company's assets, estimated at JD 5 million ($15 million), and to assess exactly how the losses occurred. Rizk's problems are known to date back several years, and are thought to have begun with heavy losses in gold dealing. The company then began taking deposits to cover its losses; this led to excessive interest commitments, local observers say.

The central bank has warned the public not to deposit cash with local money changers. A 1976 law allows the companies only to exchange foreign currency, make commercial or invisible payments, and to trade shares and bonds. They are not allowed to accept deposits in return for agreed interest.

Ten to 15 money changers are known to be facing financial problems after losing around 60 per cent of their business to the banks. A 1985 central bank ruling allowed local banks to operate as money changers, in an attempt to attract more foreign exchange into trade financing and investment, rather than mere speculation.

Rizk's collapse is not expected to affect the banking system. "The company's loans from banks are fully covered by securities and collateral whose value exceeds the Rizk's indebtedness to banks," says central bank deputy governor Maher Shukri.

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KUWAIT

FISCAL DEFICIT EXPECTED SMALLER THAN PROJECTED

London MEED in English 24-30 May 86 p 15

[Text]

THE 1986/87 fiscal deficit is expected to prove smaller than appeared likely when the budget was released in April (MEED 26:4:86, page 24). This will be the case even though some local economists estimate that investment income will be far lower than forecast by the Kuwait Investment Authority.

In his budget statement to the national assembly (parliament), Finance & Economy Minister Jassim al-Kharafi gave figures both for direct government spending and for the so-called attached and independent budgets. He also provided 1986/87 figures on a net basis — that is, figures arrived at after eliminating double counting of transactions between government departments and authorities.

There are 12 attached budgets, covering specialised semi-government organisations that have a measure of administrative and financial independence. Kuwait municipality, the university and the National Housing Authority are three examples. The 12 organisations will spend a net KD 410.7 million ($1,440 million) in 1986/87, with almost all their revenue coming from the government.

The 11 independent budgets are for mainly commercial institutions which enjoy an independent corporate identity and financial status. Each budget is passed by the national assembly in a separate law. The most prominent examples of independent budgets are those for Kuwait Petroleum Corporation and the Public Institution for Social Security. These budgets are much less dependent on government financing, which will provide less than 12 per cent of their total net spending of KD 953.3 million.

Funding of the attached and independent budgets represents the bulk of double counting in the government's gross spending. On a net basis, the government's strictly defined deficit — excluding transfers to reserves — falls to KD 598.1 million, from the gross figure of KD 1,114.3 million. Adding the combined deficit of the attached and independent budgets brings the consolidated fiscal deficit to KD 783.7 million.

Total investment income in the coming fiscal year is estimated at KD 900 million-1,000 million by the National Bank of Kuwait's economics and planning department. This suggests that about KD 400 million will be available to cover the deficit, leaving about KD 380 million to be covered from reserves.

Al-Kharafi's budget statement also gives a sectoral breakdown of government spending. Electricity and water services, as usual, take the lead with KD 445.9 million, or 14.7 per cent of the total. Lower fuel prices for power and desalination plants account for some of the fall from KD 647.9 million, or 18.9 per cent, in the previous budget. Other main spending areas are education (KD 371 million/12.2 per cent), social welfare (KD 352.9 million/11.6 per cent), defence (KD 283.5 million/9.3 per cent), facilities (KD 240.1 million/7.9 per cent) and health (KD 200.5 million/6.6 per cent).

Al-Kharafi also explained the dramatic 38.3 per cent fall in the budget for government purchases of goods and services, to KD 262 million. Almost 86 per cent of the reduction is accounted for by the lower world oil price, which has reduced the subsidy on domestic fuel sales.

Kuwait: consolidated budget (gross), 1985/86-86/87
(KD million)

	1986/87	% change	1985/86
Expenditure	4,419.9	-7.3	4,770.2
Government budget	3,037.7	-11.5	3,431.5
Attached budgets	412.7	-6.5	441.4
Independent budgets	969.5	+8.0	897.3
Revenue	3,120.0	-26.9	4,267.6
Government budget	1,923.4	-38.3	3,116.0
Attached budgets / Independent budgets	1,196.6	+3.9	1,151.6
Deficit	1,299.9	+158.6	502.6

Exchange rate: $1 = KD 0.285

Source: Finance & Economy Ministry, Kuwait

Kuwait: consolidated budget (net), 1986/87
(KD million)

Expenditure	3,861.7
Government budget	2,497.7
Attached budgets	410.7
Independent budgets	953.3
Revenue	3,078.0
Government budget	1,899.6
Attached budgets / Independent budgets	1,178.4
Deficit	783.7

Exchange rate: $1 = KD 0.285

Source: Finance & Economy Ministry, Kuwait

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LEBANON FACING ECONOMIC PARALYSIS, PROSPECTS 'BLEAK'

London MEED in English 17-23 May 86 p 5

[Article by Peter Kemp: "Lebanon Faces Economic Paralysis"]

[Text]

THE endless cycle of violence could bring Lebanon's economy to a standstill in the coming weeks. The steady erosion of the local currency, galloping inflation and runaway public debt threaten to paralyse activity.

Desperate attempts by Banque du Liban (central bank) to ensure both monetary stability and finance for the treasury have failed to halt — and may well have accentuated — the decline. With the government facing imminent bankruptcy, the once thriving parallel economy is going through a painful contraction as Syria clamps down on illegal imports.

The collapse of the December 1985 Syrian-sponsored peace plan dashed hopes of imposing a durable ceasefire — vital if there is to be any revival of business activity. Real gross domestic product (GDP), which has declined steadily since the Israeli invasion in 1982, is estimated at no more than £Leb 30,000 million ($1,146 million) in 1985.

Industry is running at barely 40 per cent of capacity, with textiles, leather goods and finished wood products accounting for the bulk of production. With credit more or less unobtainable, the chances of maintaining even present levels of activity are slim. Agriculture's share of GDP has shrunk to around 5 per cent, with a consequent loss of traditional Arab export markets.

The dollar's appreciation against the Lebanese pound — by 103 per cent in 1985 and a further 43 per cent to the end of April — has savagely reduced imports, but it has not stimulated local production noticeably. Exports, down by 74 per cent since 1980, recovered only slightly in 1985 to reach $132 million, despite the stimulus of devaluation.

The current account surplus of $250 million — the only good news in 1985 — should improve this year. The removal of fuel subsidies and falling oil prices have cut the monthly petrol account to $23 million. Fuel imports cost $509 million in 1985. Weapons purchases from the US and France, which accounted for $1,500 million in 1983-84, have now ceased, and commodity imports are minimal.

State Insolvency

The looming insolvency of the state causes the most immediate concern. Even optimistic predictions suggest that less than £Leb 2,000 million will come from customs receipts, formerly the mainstay of government revenues. The treasury needs £Leb 2,000 million a month just to pay salaries — a bill recently inflated by a 40 per cent pay award.

The projected 1986 budget of £Leb 20,000 million, still awaiting parliamentary approval, is already meaningless as a guide to actual government expenditure.

At the current rate of growth, the domestic public debt will exceed £Leb 80,000 million by the end of 1986 — up from £Leb 53,400 million at the end of December.

Blunt moves by the central bank to fund the deficit internally appear to have backfired. Recent treasury bill issues have been seriously undersubscribed amid signs that commercial banks intend to defy tight new

regulations (MEED 15:4:86). Advances to the treasury have increased the central bank's share of the public debt from 25 to 44 per cent in four months.

Observers point out that the restrictive monetary policy has already exhausted domestic resources of finance, at the same time as failing in its stated aim of defending foreign exchange reserves and propping up the local currency.

With credit to the private sector and foreign exchange remittances either static or declining, bank credit to the public sector is the sole cause of the alarming growth in money supply.

Vacuum cleaner

"The central bank has acted like a vacuum cleaner on the market using entirely artificial remedies. It has squandered foreign exchange reserves and suffocated the banks with its interference. Its latest draconian measures simply will not be followed," says Roger Tamraz, chairman of part-state-owned banking concern Intra Investment Company. "It has given us very bad management and cowboy politics."

In the latest move in this game of brinkmanship, the central bank has refused to honour government cheques, threatening to paralyse all state activity.

The chances of raising external financial assistance are remote, despite the very modest foreign debt of $250 million. The IMF first raised the alarm when the public debt reached 50 per cent of GDP. It has since tripled. The EEC has been the largest single aid donor, according to two protocols agreed since 1977. However, a third is only "marginally negotiable under present circumstances," says EEC representative Klaus von Heldorf.

There is little to show for the £Leb 4,300 million in foreign aid spent by the Council for Development & Reconstruction (CDR) since 1983. Heavy investment in roadworks in the Beirut area by the semi-autonomous government agency blithely ignores the development needs of the impoverished regions, says one consultant. "We are doing little more than plugging holes in a dam that could burst at any minute."

Elusive solutions

Without the elusive political solution, prospects are bleak. "The rise in the cost of living has yet to produce a full-scale crime wave, but it has pushed people to the wall and created real degradation," says one western diplomat. Recent estimates put per capita income at less than $250 a year, compared with $1,250 in 1975; unemployment is approaching 50 per cent.

Tamraz remains optimistic and sees the country's financial position as very solid when contrasted with Syria's present difficulties. According to him, internal divisions have had the useful effect of breaking up commercial monopolies and stimulating new enterprise. "The economy will bounce back and the government should legalise the unofficial ports," he says. "This is the only realistic solution to the revenue problem." The western diplomat urges more caution, but adds: "I don't see how things can possibly get much worse."

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SAUDI ARABIA

SYMPOSIUM DISCUSSES BRIBERY ISSUE IN PUBLIC, PRIVATE SECTORS

Riyadh AL-YAMAMAH in Arabic 19 Feb 86 pp 14-19

[Article: "Once Again About Bribery: Who Sets Table"]

[Text] Can administrative organization be a motive for or a deterrent against bribery? This question leads our presentation of the issue of "bribery" once again. The question thus forms an axis around which the issue centers. We also revolve around this axis to try to get a hold of the threads that spin intricately around it to form a unique fabric. From among these numerous threads, the thread of administrative organization unravels like a thin thread leading a judge or an investigator to discover whatever ambiguous issues he wishes to uncover. This thread also leads us to some causes of the wound so that we may stem the bleeding and may, subsequently, perform an urgent plastic surgery to remove the spots, pustules, and pimples of aggrandization that spread on the country's body, face, sides, and arms as a result of the possible multiplication of the malignant germ of bribery and its development into big worms that prey on the country's flesh and blood with the greed of hungry lions.

Before anything else, AL-YAMAMAH is eager to turn this "concern" into awareness among the citizens so that they may be wary and careful and so that this awareness may fill the hearts of those who are eager to safeguard the civilized accomplishments and to protect them from the sick, the corrupt, and the criminal. AL-YAMAMAH is also eager to put the finger on bribery and its consequences and to eliminate all veils so as to expose everything, including the countless names under which bribery goes, such as honorarium, facility fees, gifts, and the endless names with which the dictionary of bribery and bribe-takers abounds. AL-YAMAMAH wants to do this so as to uproot this malignant disease before it takes root and intensifies. This is why we are making this issue the "issue of the week" for the second time, meaning that this is not the first time we have tackled it. We hope, though, that this will be the last time and that we will wake one day soon to a clean society that deals with this homeland with the degree of love it deserves.

We previously raised the issue of bribery in the "issue of the week" in edition No 883 of 29/3/1406 of the Hegira under the title of: "Bribery: Watchful Eyes and Dirty Pockets." In the same edition, we published an article by Dr Fahd al-Harithi, the controller general, under the title: "They Cut off Flow of Water in Your Face." In the following edition (No 884 of

6/4/1406 of the Hegira), we published another article by the same writer under the title of "Leaping Over the Country's Glances." Since then, we have been receiving strong reactions from various readers and intellectuals and from leaders in positions of responsibility.

We have published some other articles as part of AL-YAMAMAH's hot articles.

Before tackling the issue of "bribery" between the administration's ebb and flow and before discussing whether the administrative organization encourages or deters bribery, it behooves us to mention the previous "issue of the week" and some ideas and conclusions we pointed out in that discussion and in the two abovementioned articles by Dr al-Harithi on the same problem.

Thefts, Bribes, and Embezzlement

The first conclusion we reached was that it is no longer possible for us to bury our heads in the sand and that we must admit that we have some people who have taken bribes, embezzled, and plundered the country's resources.

The second conclusion was that there are private and public projects that have not escaped the bribe-takers' long talons and their sharp fangs.

The third conclusion was that those who steal or take bribes do not do so because of poverty or need but because they want to become richer and more ostentatious.

Fourth, we find that the phase of economic calm following the upsurge period and the accompanying abundance has actually reduced the opportunities for major transactions and that this has, consequently, tempted the bribe-takers and the corrupt to pounce on everything and to snap anything in sight to make up for the big transactions that are no longer as easily available as in the past and we find that such people are desperate to maintain their way of excessively luxurious and vain living even if at the expense of honor, conscience, and the country itself.

Fifth, the emergence of a new group that was not interested in bribery in the past because the opportunities were then numerous. When these people discovered that they had missed a lot, they no longer made a distinction between the licit and the illicit or hesitated to engage in embezzlement, bribery, and fraud at the expense of the country.

Sixth, even though we believe that such maladies are eternal and are as inherent in man as the tendencies of good and evil, we Saudis believe that we have learned many of these ways from our relations with the foreigner who has come to our country with his expertise in everything, even in new ways of embezzlement and of attacking the criteria of ethics, religion, and affiliation. The foreigners have taught us how to jack up the costs of some projects, when to take graft, how to take graft, and where to take graft. They have led us to the gates of the well-known Swiss banks and opened for us accounts there. They have put check books in our pockets and certificates of deposit in our hands. They have taught us how to forge results, how to sell documents, how

to exaggerate standards, how to cheat in plans, how to inflate prices, how to exaggerate costs, how to camouflage contracts, how to lie in observing implementation and how to forge when taking over projects. They have opened for us a thousand and one doors for deception, treachery, and illicit profit.

Seventh, the security agencies engaged in fighting bribery are not enough on their own to uproot this malignant germ. There has to be followup by the officials directly and indirectly in charge, regardless of what group they belong to and what position they hold. As for the religious and moral deterrent and for national affiliation, these are matters in which the regime cannot interfere and which the government cannot impose. This deterrent and this affiliation do not come by an administrative decree or by an authoritative directive. They come spontaneously, like a virgin plant bright with love, colored with the flow of youth, and flourishing with the light of the sun and the moon.

Eighth, the elements of the rapid renaissance and of the model development leap achieved by the kingdom in record time have produced some marginal consequences through which bribery--this social malady which has been characterized historically by continuity and by the difficulty of being proven with evidence and witnesses and which is prohibited by the word of the Koran and by consensus--has infiltrated.

Ninth, bribery is not confined to the government agencies but also permeates the private sector's economic activities. There are officials and specialists who are worrked about our social security and about our consciences and integrity. The people will also find out that there are agencies that spend their days and nights to pursue and control bribery. This is a living revelation of the state's interest in pursuing thieves, graft-money takers, and those like them.

Convictions on Bribery

The above are the most important conclusions we reached through our presentation of the topic of bribery in the "issue of the week" and in a number of articles (already noted). But there are also some convictions regarding the "bribery" issue and they can be reviewed as follows:

First, bribery is an ancient behavioral manifestation coinciding with man's development and with man's search for a livelihood amidst the jungle of complex interests. This manifestation is not confined to one people to the exclusion of others and any statement to the opposite is an open distortion of both ancient and modern history and geography. It is created by both the rich and the poor; it is not an affliction suffered by the poor under the burden of need and not an act committed by the rich in response to the tendency for luxury. Each has his own ways, means, and objectives behind the act of bribery.

Bribery often arises in response to behavioral flaws that embody the defeatism of the higher self and the moral degeneration of those who commit it, regardless of whether bribe-giver, bribe-taker, or middleman.

Second, there is a close connection between bribery and some forms of connectionalism because one becomes a mount for the other. A person may seek a connection to put him in touch with an influential individual through bribery so that he may attain what he wants or avoid what he does not want through this influential individual. At times, poverty may hold in its grip an employee who is placed by circumstances in an influential executive position somewhere in the bureaucratic structure--a position connected with the people's interests. Such an employee may exploit his executive influence to serve his own ends by facilitating what people need in return for some money and may delude himself into believing that he is following this path only temporarily so as to overcome his poverty and his small income and to enter the circle of the rich.

Third, civilizational development is taking place at an immensely rapid pace that exceed's man's capability to comprehend the changes taking place around him. The mechanical tempo of civilian life has unsettled man's control over his needs in the absence constant and continuing religious guidance and man has come to consider gain in ways that may be illegitimate and has begun to commit wrongs to narrow the distances between him and those who have had the opportunity for licit or illicit gain. This means that the enormous development in the means of life has brought new behavioral patterns that were unknown and unfamiliar to certain groups. One of the most significant manifestations of this development is the human activity in construction and in the sphere of relaxation and recreation. This activity has had a major impact on the emergence of the phenomenon of bribery. By casting a profound look at this problem and by reading its developments, we find that its danger has emanated from the nature of the circumstances under which the process of meeting between the individual and civilizational development has taken place in the absence of executive, organizational, and regulatory job-performance controls that seek to tackle the situation with positive and constructive solutions which transform this situation into a process of organized absorption with which a man living under this civilization regains his balance and interacts with this civilization in a manner that produces positive results.

Gaps Leading to Bribery

We did not stop at this point in tackling the issue of bribery but rather exposed with our approach numerous gaps that lead to bribery and put our fingers on the following reasons:

First, the fault is not in the system but in the application of the system.

Second, some people's fall into the trap of western materialism and their swerving from the divine path and behavior in the applications of their life, thus subjecting these applications to material and laboratory considerations and trying to apply these considerations to the Muslim society. Material interests have thus become the means and the end.

Third, the absence of a direct and constant administrative control that links problems to their causes and then discusses, debates, and examines the problems and proposes the proper solutions.

Fourth, the absence of the religious and moral deterrent. We consider this to be the foremost and leading cause.

Fifth, emulating the bad example. This bad example exists in our society and in other societies.

Sixth, society's sensitivity. In society's view, a person engaging in bribery is no longer a wrongdoer. Moreover, some individuals feel that paying something in return for having their business facilitated is not a bribe but a payment to avert damage. They do not call it bribe but choose phrases that try to bestow a touch of legitimacy on such activity.

Phenomenon of Undermining and Violating Procedures

Let us return to the question we posed at the outset of this issue, namely whether the administrative organization encourages or deters bribery? The answer is found in what 'Abd-al-Rahman bin Muhammad al-Sadhan has said, namely that the administrative organization can be either. It can either act as the vaccine obstructing the bribery epidemic or as a swamp in whose bowels bribery flourishes. In the first case, the administrative organization is a deterrent against bribe and in the second it encourages it. Three sides, namely the administrative leadership, the employee and the citizen, are involved in this behavior. Each of these sides can, if inclined in a certain mental and psychological direction, either instigate or deter bribery. But it seems that the manner in which the problem is presented and which examines the impact of strictness or leniency in administrative procedures on the employee's and the citizen's behavior insofar as connectionism and bribery are concerned does not please some of our guests who are concerned with this issue. To begin, Dr Sa'id al-Shawwaf, an assistant professor at the Public Management Institute, pointed out that he has some reservations on the manner in which the issue is raised because, in his opinion, the presentation deals with some particulars of the problem and focuses on its symptoms but does not tackle the roots of the problem in its entirety and because using, offering, or accepting bribery are particulars and symptoms of a problem, namely the problem of the widespread undermining or of the endeavor to undermine and violate the regulations in our society generally. Moreover, the method of presentation assumes that the problem lies in the complexity and length of the regulations. It is as if this complexity and length are the sole factor motivating some people to use connections or to offer or accept bribery. Therefore, al-Shawwaf believes that presenting the problem for discussion in this manner disregards an important aspect of the issue, namely the aspect connected with the sides responsible for implementing and utilizing these regulations. This is what motivated Dr Hani Yusuf Khashuqji (the public management section of King Sa'ud University) to say that bribery is not so much an administrative problem as it is a social malady that is not confined to the bribe-giver and bribe-taker only, but includes all individuals and groups involved in bribery. But Dr al-Shawwaf said: the organizational regulations aspect includes other organizational elements that influence the regulations, including an institution's administrative organization, the nature of a job and its position in the organizational ladder, the role of administrative leadership and supervision, and the degree of clarity and of completeness of the executive bylaws and

administrative regulations in force. This is why Dr al-Shawwaf has dealt on his part with both the organizational and behavioral aspects of the issue in a manner that sheds light on the problem's infra-structure and roots but without disregarding the problem's super-structure and symptoms.

Dr Sa'id al-Shawwaf has asserted that the regulations are an important element in administrative organization and that in themselves, these regulations seek to foretell an employee's performance and to organize the relationship between the employee and others within and outside the administrative organization in accordance with the policy and objectives of the organization for which he works. On the other hand, the regulations seek to serve the tasks and responsibilities of the organization and to achieve its objectives and the objectives of its beneficiaries. The efficiency and capability of the regulations are measured by the degree of their ability to facilitate performance of the job tasks and to achieve the objectives with the smallest possible amount of resources, effort, and time. The regulations are also influenced by the nature of the job and by its position in the administrative organization's organizational ladder. The more important the job and the higher its position in the organizational pyramid, the more strongly the organizational need dictates that we refrain from defining the regulations governing the execution of its tasks and from confining the employee's freedom to act, to make decisions, and to overlook some regulations concerned with the execution of his job because of the sensitivity of those who hold such jobs and of their fear of making mistakes for which they may be held responsible. Generally, the sensitive jobs positioned at the bottom of the organizational pyramid make those who hold them more sensitive and cause these employees to cling to the regulatory and executive details for fear of shouldering the responsibility of any mistakes or violation of the regulations. Because such employees do not have the power to act and dispose of the affairs of their jobs, 'Abd-al-Rahman al-Sadhan presumes the presence of a vigilant and experienced administrative leadership that understands the art of dealing with changes engulfing administration from both within and from outside and a leadership that takes the right positions toward such changes.

First, such a leadership knows how to adapt the administrative regulations so that they may serve the citizen's interest as much as possible and may assist the citizen, not act against him.

Second, such a leadership knows how to deal with negligence emanating from an employee's negative attitude.

Third, it knows how to respond to the citizen's complaint emanating from this negative attitude.

Fourth, it knows how to avert as much as possible from the employee the elements of psychological frustration so that he may not saddle the citizens needing his services with the burden of his faults and may not exploit this need for his own benefit. Judging by the conviction often formed among employees, bribery is nothing but a direct compensation for the frustration experienced by the employee, regardless of the sources and degree of this frustration.

To make the administrative aspect of the picture complete, the administrative regulations must be assessed and judged as one of the many and varied organizational aspects within the administrative organization. The regulations should not be judged in isolation from the other aspects, especially insofar as the clarity and completeness of the administrative regulations in force are concerned. In Dr al-Shawwaf's view, the regulations are nothing but action steps that can be carried out in different ways and methods unless defined and restricted by the administrative and legal rules and laws. This is in addition to the leadership, supervision, and followup role and to the director's and employee's cognizance of the right means to implement the regulations.

There is no doubt that there are numerous factors that encourage the employee to resort to connectionalism, perhaps even bribery. Dr 'Abdallah al-Shaqawi views the oldness of the laws and regulations and their failure to keep pace with circumstances and problems of modern management and society as foremost among these factors. These laws thus obstruct serving the people's interests with facility and ease. Dr al-Shaqawi also finds that the ambiguity of the laws and regulations and the absence of explanatory bylaws gives the public servant extensive power to interpret the laws and regulations according to each individual case. Dr al-Shaqawi asserts, moreover, that the length and complexity of the administrative procedures are one of the main reasons that lead to the citizen's resentment of the procedures and his refusal to deal with them and, consequently, his resorting to various means to abridge or avoid the procedures. Another leading reason encouraging bribery is the weakness of the laws, rules, and regulations and their containing numerous gaps through which the employee can penetrate to circumvent the laws and regulations and to manipulate them to serve his private ends.

Behavioral Aspect

As the administrative regulations are influenced by the numerous organizational aspects, they are also influenced to a greater degree by the employee's and citizen's behavior and by social developments generally. Considering that a devious employee has a negative impact on the administrative organization's efficiency and capability and on the success of its work, Dr al-Shawwaf, views the employee and the beneficiary as the two most important components of the administrative regulations and as the two most influential and complex elements in this regard because man, regardless of whether an employee or a beneficiary, can control and change his behavior in a manner that is most often hard to assess or predict. It is only through the employee that the rules and regulations are implemented and accomplishments are either made or obstructed. The beneficiary embodies the ultimate end towards which the organizations channel their efforts, services, and products. It is through the beneficiary that the efficiency of such organizations' operations are measured. To put it briefly, Dr al-Shawwaf asserts that the best and most efficient administrative organizations cannot achieve their objectives in the absence of the new employee who is committed to the profession's ethics and of the beneficiary who enjoys the behavior and ethics of good citizenship.

Dr Ibrahim al-'Awaji, the Ministry of Interior undersecretary, has for the phenomenon of behavioral delinquency among public employees an objective explanation and a historical justification which say that this is a human

phenomenon experienced by the human societies since the emergence of the employee in charge of a public interest. As Dr al-'Awaji views it, this phenomenon accompanies or results from the interaction of interest or interests of the people concerned with a decision or an act emanating from an employee empowered to make the decision, regardless of the dimensions or weight of the decision. Within the framework of the modern economic reality and of the complexity of the private institutions' organizational structures, delinquency is no longer confined to the public job even though the impact of delinquency in the public job is more serious and significant because its consequences affect directly the public interest and the interests of other people concerned who are damaged by this delinquency. Dr al-'Awaji attributes the emergence of new patterns of the phenomenon of misconduct in the public job to the kingdom's entry in the past 2 decades into a phase of major development by any economic, social, or administrative criteria. This phase has created qualitative and quantitative complexity in administrative and financial dealings. The introduction of foreign methods into the process of dealing with the administrative regulations and directives and the addition of an element of time that had not been previously familiar to the government conduct or administrative decisions have collectively led to the emergence of new patterns of the phenomenon of misconduct in the public job.

Dr al-'Awaji is not content to underline the phenomenon of misconduct in the public job but goes on to define it in two forms: direct delinquency and indirect delinquency. The direct delinquency is what we have become used to call bribery in all shapes paid to the public civil servant in return for serving the interest of the bribe-giver at the expense of the public interest (material, legal, or moral) and at the expense of the other private interests competing for or deserving the service. Dr al-'Awaji calls the other type of delinquency the misuse of the public job to achieve a private interest for the employee, his family, his friends, or "his cliques." This misuse extends from material exploitation, which may not be monetary, to obtaining the service for one's self or for one's favorites at the expense of the public or private interest.

This second type of misconduct in the public job comes as a natural and direct result of the presence of long or prolonged procedures in some government and non-government agencies, especially agencies directly connected with the common citizens. This is reaffirmed by 'Abdallah 'Uthman al-Muharib, the general director of the Public Ports Authority. The first step in bribery begins when a man in need seeks, under the impact of the procedures, a means through which he can get his work done in a short time. He makes the acquaintance of some persons working in this or that agency or the acquaintance of other people connected with them and offers a gift or expresses his readiness to help facilitate or render them a service in a certain sphere. At the expense of the country's and citizens' interests and rights, some rules and regulations organizing the work are disregarded and such a bribe-giver's business is done even though there are those who are more deserving of the service than he is. This, also, is why administrative corruption emerges, considering that bribery is a main factor in this corruption.

The opinion of Dr 'Abdallah Muhammad bin Salih, the director general of the National Employment and Services Company, flows in the same direction. Dr Salih believes that "redtape," administrative complexity and the length and ambiguity of the procedures are the most important factors causing bribery to flourish and encouraging the act of bribery in the first place. Dr Salih believes that a person who pays a bribe will lose nothing from his own pocket because he adds the cost of the bribe to the price of the goods he imports, for example. This means that the commodity or service is purchased at a price higher than its real price. This, in Dr Salih's viewpoint, leads to squandering public money that could be utilized to offer better services to a larger number of citizens. This is an injustice done the people and a damage inflicted on the economy.

Employee's Behavioral Pattern

The employee's awareness, his understanding of his role and the behavioral manner in which he translates his approach to the given facts of his job and to the people are equal in importance and influence to the management's awareness. 'Abd-al-Rahman al-Sarhan explains this behavioral pattern as follows:

1. There is the employee who thinks that the management is an end that is served by the people, not a means to serve the people. Herein lies one of the dangerous pitfalls leading to the emergence of certain behavioral patterns, such as bribery. Under the canopy of such a conviction, the employee develops the desire to exploit his position in various ways, including the charging of a "fee" in return for what he calls "special or extra services" rendered to the person needing them even though the services he performs do not exceed the duty of the job for which he collects wages from the state. What makes the matter more serious and complex is that the employee feels that he enjoys some sort of immunity in the absence of the supervision that deters such behavior.

2. There is the employee who holds a modest position, in terms of both status and income, in the job pyramid. But the circumstances of the "bureaucratic structure" may at times give him a position of "authority" over one of the people's interests and he tries to make up for his job and financial frustration by dealing with people directly. The examples of such behavior are numerous and hardly absent from any bureaucratic agency dealing with the public directly.

3. There is also the employee whose bribery-taking is not dictated by financial need or by job frustration but who resorts to this kind of behavior out of his desire to make the people aware of his elevated status and of his control of affairs connected with their interests. The bribery then turns into a means of "profit" which such an employee adds to his income from other sources.

Inducements and Steadfastness

The new point that can be added to the talk about bribery and the employee is to highlight the other side of the issue, namely the integrity of the high-ranking state officials who have stood fast in the face of financial

inducements that make one drool and who have decisively turned down millions of riyals and thousands of dollars offered them as a bribe, thus putting the public interest above their personal interest and giving the highest example in true citizenship. As it touches on the phenomenon of misconduct in the public job, this discussion also touches on these individuals who have not swerved.

Dr Ghazi al-Qusaybi reveals this bright side to us and insists admirably on calling the people involved by their real names. He urges us as a press to give everybody his due by publishing these facts, coupled with greetings to these steadfast people, because the size of the inducements available in the past few years has been unprecedented in history, as Dr Ghazi al-Qusaybi has said.

Dr al-Qusaybi added: "We hear of high-ranking officials in industrial countries who have been bribed with a mere $5,000. Any high-ranking official here in the Kingdom finds that the bribe offered him exceeds by manyfold this sum. When we note the size of the inducements available, we must thank God, may He be praised, because we have many employees and many officials who have not swerved even though they could have amassed astronomical fortunes if they had swerved. I believe that this is something of which we should be proud. If officials of other countries were subjected to the same temptations, I find it difficult to imagine that they would stand fast in the face of such temptations."

Reviewing the examples, noting the facts and mentioning the names, Dr al-Qusaybi went on to add: take, for example, brother Mahmud Tayyibah. He was offered a million riyals. This sum was only the first installment of the bribe he was offered, namely 4 million riyals. Tayyibah turned the offer down. It is certain that when he turned down this offer, his bank account did not exceed 100,000 riyals.

In the Ministry of Defense and Aviation, a bribe of 5 million riyals was offered but the honorable men turned it down. Those offering the bribe were arrested and the company involved was fined 200 million riyals and denied work.

There are undersecretaries who deal with contracts amounting to hundreds of millions. Meanwhile, these undersecretaries do not own the price of the house in which they live even though they could live a life of "mythical" wealth. Such people include Fu'ad Farisi, a former undersecretary of the Ministry of Industry and Electricity. When he started working and at a time when his bank credit did not exceed his salary, he was offered a bribe in the form of a gift valued at $50,000. He turned down the offer, of course. I know minor employees in the Electricity Authority who were offered bribes, some enormous and some small. But they turned down those bribes. I also know other employees, engineers and officials in SABIC (Saudi Basic Industries Corporation) who were offered enormous bribes but who also turned them down.

By reviewing the phenomenon of bribery between the administration's ebb and flow and in light of the procedural complexities and by reviewing these

bright examples on the other side of the phenomenon, we can put our fingers on the most important conclusions we have made. These conclusions can be formulated as follows, as our important guests view them in this important issue:

Administrative organization can, according to al-Sadhan, be either a vaccine protecting against the bribery malady or a swamp in whose bowels the germs of bribery flourish. In the first case it is a deterrent against bribery and, in the second, a motivator for bribery.

According to Dr 'Abdallah bin Salih, it is not correct to say that "routine" and administrative complexity contribute to curtailing bribery because they are made by man. This means that they contain numerous gaps through which people with a poor conscience can penetrate and which they can manipulate to serve their personal interests, thus forcing entitled people in need of a service to seek these gaps and to pay bribes to get what they are entitled to in the shortest time possible so that they may not incur major losses.

We cannot attribute the spread of the phenomenon of connectionism and bribery among people with a poor conscience to the complexity or ease of the procedures because the matter is far beyond all this and because, according to Dr Sa'id al-Shawwaf, the outcome of studies conducted on the length of the procedures show that these procedures do not always constitute a negative factor as long as the regulations are specific, what is required is clear and can be met and as long as the objectives of the regulations are acceptable to the citizen needing the service.

On the basis of these results, let us discuss the best solutions for this problem, as well as the other solutions that open to us doors to overcome this serious "malady."

Solutions and Cures

Most of the guests we have hosted to discuss this issue agree on the need to simplify the administrative procedures and to entrench the concept of bribery as a pathological social phenomenon requiring all the efforts to unite in fighting and uprooting it in a manner compatible with the nature of our cooperative, tolerant, and consolidated Muslim society and within the framework of a society that despises the bribe-giver and the bribe-taker and drops them from their social position so as to achieve the ambitious objectives of the development plans in freedom from corruption. Because some of the solutions proposed by our honorable guests are mostly unique and distinguished solutions, we will present here some of these solutions:

First, Dr Ghazi al-Qusaybi believes ultimately that the decisive solution is a religious solution. He urges on his part "religious immunity" which protects people from bribery. He does not believe that "religious immunity" consists merely of preaching and guidance but also incorporates a man's feeling that God, may He be praised, watches and sees him.

True faith is to worship God as if you see Him. If you cannot see Him, then He does. Therefore, Dr al-Qusaybi urges devoting attention to the issue of "spiritual immunity" and to entrenching this immunity in the hearts of young people at an early age.

Second, Dr Ibrahim al-'Awaji believes that it is easy to tackle the phenomenon of bribery if the true will to fight it exists. Under the canopy of the complexity of the administrative procedures in the modern state, it is no longer enough that "administrative corruption" be rejected decisively at all levels. Rather, a special instrument or instruments must be found, because of the intricacy and complexity of the means and methods of bribery, to fight this corruption at the same organizational and technological level and with the same vertical and horizontal permeation of the state agencies.

Third, Dr Sa'id al-Shawwaf underlines the importance of administrative leadership, supervision, and followup in both the behavioral and organizational aspects, the importance of training and preparing the employee to perform his tasks ably and efficiently, and the importance of educating the beneficiary as to his rights and duties as fundamental components of administrative reform, whether pertaining to procedures or to the other organizational aspects.

Fourth, according to 'Abd-al-Rahman al-Sadhan, several means can be used to cure this sickly phenomenon in our administrative behavior. There is the direct deterrent which calls for bringing the culprit to account, inflicting the proper punishment on him and denouncing him. Then comes the role of developing the administrative procedures in a manner that leaves no chance for embroiling the public job in the pitfall of one-upmanship and exploitation under any slogan or pretext and the role of making sure of the integrity of the civil servant pushed by the bureaucratic procession into close contact with the people's interest. The trust given such a civil servant must be subjected to the test again and again because many of the "champions of administrative corruption" enjoyed originally the trust and goodwill of "their administrative sponsors." Because we are inclined by our human nature toward "goodness and goodwill" in most cases, we tend to reaffirm and reinforce our trust without subjecting it to review and examination. The result is that some people get afflicted with a state of vanity lined with arrogance. The sin of "bribery" infiltrates such people through a narrow gap in their wall of vanity and this sin quickly turns into a stormy and disgraceful behavior.

Fifth, the owners of two commercial establishments who have asked not to reveal their names have called for examining and correcting the current bidding system. They see the solution in establishing a strict financial control system over those who examine the bids and make decisions on them.

Sixth, Dr Hani Khashuqji proposes taking the phenomenon back to childhood and implanting in the hearts of children such principles, values, and ideals as honesty, truthfulness, loyalty, sincerity, and the feeling of responsibility so as to develop the employee who is controlled by such values, principles, and ideals when he assumes the duties of a public or private job.

Seventh, Dr al-Shaqawi believes that there are some administrative means and methods that are capable of helping to achieve a kind of objectivity in dealing with the citizens. Of these means and methods, he underlines the use of serially-numbered cards placed at the entrance of an agency and given to a citizen upon his arrival in the agency so that he may take his turn in getting the service he wants. This system can, especially if it is automatic, often contribute to preventing bribery or even connectionalism because it is obvious and clear to all.

Ultimate Cure is Cauterization

Finally, the ultimate cure is cauterization. Without reward and punishment, no program is implemented and no correction is achieved.

Considering that the bribe-giver, and the bribe-taker and the (middleman) play a role in corrupting government administration and in exploiting the consequence of this corruption to serve their interest illegally, the law empowers the judge to mete out a deterrent penalty compatible with the crime of each of the three sides, with each sentence depending on each separate case and its circumstances. The ruler may decide the punishment which he views as a punishment that protects the citizens' security, comfort, stability, and reassurance.

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SAUDI ARABIA

BANKING SYSTEM SAID NEARING CRISIS POINT

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[Text]

THE banking system in Saudi Arabia is reaching crisis point, with all institutions reporting drastically reduced profits and higher provisions for non-performing loans. Foreign shareholders in Saudiised banks are said to be reconsidering their commitment to the kingdom and many may not renew their management contracts.

"The Saudi banking system now needs us more than we need a presence in the kingdom," says one expatriate banker. Bearing witness to this is US-based Chase Manhattan Bank, which is known to be looking for a buyer for its 20 per cent stake in Saudi Investment Bank (Saib).

A further test of foreign partners' commitment could be the expiry in 1987 of a tax-deferral period. Most bankers predict that the period will be extended, but if not, banks will be faced with the prospect of paying higher taxes. Says one accountant: "A bank could conceivably be making losses due to provisions on bad loans and still be forced to pay taxes."

Of all the joint-venture banks, Saudi British Bank (SBB) has fared the worst, reporting a massive 91 per cent fall in profits, from SR 100.4 million ($27.5 million) in 1984 to SR 9.1 million ($2.5 million) in 1985. Saudi American Bank (Samba) reported a 37.8 per cent drop in 1985 earnings, while Al Bank Al Saudi Al Fransi recorded a fall of 35.2 per cent. Arab National Bank, long known for its conservatism, suffered a 23.5 per cent decline in earnings, and Bank Al Jazira showed a drop of 35.4 per cent.

Saib reported a loss of SR 15.4 million ($4.2 million) during 1985, which resulted not only from increased provisions for bad loans but also from the cost of transforming the bank from a limited-service, wholesale-investment institution to a full-service commercial bank.

United Saudi Commercial Bank (USCB), the youngest of the kingdom's 11 commercial banks, recorded a SR 17 million ($4.6 million) loss for the year, after transferring SR 22 million ($6 million) to provisions. It was the first Saudi bank to dip into its shareholders' equity to cover its losses. Saudi Cairo Bank and Albank Alsaudi Alhollandi have yet to produce their results, but they are not expected to be promising.

The two wholly Saudi-owned banks have also had a tough time. National Commercial Bank (NCB), which is the kingdom's largest bank in terms of assets, reported an 80 per cent drop in earnings, from SR 499.5 million ($136.8 million) in 1983/84 to SR 99.6 million ($27.3 million) in 1984/85. Over the same period, provisions for bad loans rose 62.5 per cent, from SR 425 million ($116.4 million) to SR 691 million ($189.3 million).

Banking Crisis Shifts Balance of Power to Foreign Partners

Riyad Bank's figures are due to be published soon, but there is little hope that they will make better reading.

The situation had become so serious by mid-December 1985 that the Finance & National Economy Ministry felt compelled to issue an official interpretation of the banks' troubles. The spate of lower earnings, it said, is a positive sign that the kingdom's banks are maturing and reaching an advanced stage of development and sophistication, one characterised by steadier and more predictable growth.

There is some truth in this argument, since Saudi banks have always had much higher rates of return on assets than their counterparts elsewhere. This is because during the boom years many Saudis, mindful of Islam's proscription of interest, put their money into interest-free accounts, effectively giving banks huge free balances. But now, with the economic downturn, many customers have begun to move their funds over into interest-bearing accounts — if not out of the banks altogether.

A continuing dilemma for banks in the kingdom is how to reconcile a western-style banking system with a country that does not recognise interest. Says one expatriate banker: "The present legal system is not fully adapted to amodern banking set-up. In the past 10 years, banks have modernised but the legal system has remained the same, and certain distortions have arisen."

The main distortion is that of non-performing loans. According to recent central bank statistics, the country's commercial banks had more than SR 62,900 million ($17,230 million) in loans and advances as of December 1985, of which at least 20-25 per cent was believed to be non-performing.

Many creditors, including some of the kingdom's leading financial names, have fallen behind with, or completely abandoned, their loan repayments. To escape their obligations, some have turned to the Sharia courts, appealing to be freed from paying interest on the sums borrowed.

When such appeals are made, the courts usually find in favour of the debtors, often even deducting interest already paid from the principal outstanding. Since banks have no recourse in law, they have simply stopped lending money except to their quality customers. "Banking is confidence and we don't have much of that," says one Saudi banker. "Our chief responsibility is to our depositors and shareholders," he adds. "If we can't guarantee that the money we're lending is going to be repaid, such a loan will not be made."

Although bad loans are the banks' most pressing problem, other challenges have arisen. The fall in dollar interest rates, for example, has meant a significant loss of income for those Saudi banks that have the majority of their assets overseas.

Revenues were also affected by the fall in the Bahrain interbank offered rate (Bibor), from 11 per cent in 1984 to between 8¼-8½ per cent in the third and fourth quarters of 1985. Many banks, therefore, have had little option but to cut back on branch expansion plans and look at ways of paring overheads.

Banks Support 'New Role' Plea for Stockbrokers

LESS than 18 months after share trading was taken away from private brokers and put into the hands of the banks, most members of the financial community – and reportedly even the government – agree that the Saudi stockmarket is in dire straits. "The market is as dull as ditchwater," says one banker. "Prices continue to fall and no one knows where they will stop."

This is a far cry from the heady days of the early 1980s when all issues were heavily oversubscribed and prices were high. Shares that peaked at SR 900 ($264), for example, have now dropped to between SR 300-500 ($82-137). Saudi Basic Industries Corporation, which was issued two years ago at SR 680 ($186), is now trading at around SR 400 ($109). Saudi American Bank has also fallen to about SR 400, from a high of SR 1,300 ($356).

Under the current system, share departments at the branches of each bank receive buy or sell requests from customers. These are forwarded to a central office in Riyadh, which calls on other banks to complete the deals. But the problem is that dealers cannot readily see who wants to buy and sell as there is no exchange floor or electronic dealing network. Also, since banks only receive a 1 per cent commission from buyers and nothing from sellers, they tend to sit on a deal until a buyer can be found rather than pass it on to another bank. Some deals, therefore, can take weeks to complete.

According to Yeslam Binladen, of Saudi Investment Company, only about half the 60 companies operating on the stockmarket sell regularly. When National Industrialisation Company floated its shares at the beginning of 1985 it met with a weak response and was

only fully subscribed after last-minute government intervention. The few new issues since then have generally been poorly received.

Hint of reform

At last there are signs that the government is close to initiating a few important reforms. Some hint of this was given in a recent article in the local press by Saudi British Bank chairman Sulaiman Olayan, who is reportedly very close to the Saudi Arabian Monetary Agency (SAMA) governor, Hamad al-Sayari. Olayan declined to say what steps were planned, but said that in his personal view the government could help by encouraging domestic investment, urging companies to be more open about their results, and discouraging negative comments about a Saudi stock exchange. Less attention should be paid to what went on in Kuwait, he argued, where the situation was very different. Both the primary and secondary markets, he said, need to be streamlined and reformed in ways that would facilitate trading. Most significantly, he added that banks should be allowed to take positions or purchase equity in the market.

Olayan argued that shareholders should be able to trade any number of shares with ease. The administrative process, he suggested, might be simplified by issuing each shareholder with a single certificate showing their entire holding, which could swiftly be replaced after each transaction. He also proposed that a system be set up whereby companies could make dividends payable by cheque, direct to the investor.

To lessen the threat of speculation, he said, companies should be able to suspend the trading of their shares if their stocks became too volatile. Shares should only be traded in cash and margins should not be allowed to be maintained.

In April, Binladen – himself a former broker – publicly called for a role for the brokers. With proper regulation, he said, SAMA's fears of rampant speculation could be laid to rest. He suggested three rules that might be included. First, that brokers maintain a percentage of the assets traded in cash; second, that if they help companies go public they must underwrite the issues; and third, that they should maintain minimum reserves, like the banks.

Binladen's appeal has been given a sympathetic hearing even by bankers, who readily agree that a role for the brokers would go a long way towards rebuilding the market.

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ARAMCO DEFICIT, BELT-TIGHTENING MEASURES OUTLINED

London MEED Special Report in English May 86 p 29

[Text]

REDUCTIONS in oil revenue, exacerbated by the oil price crash early this year, have had a significant impact on the Saudi economy over the past 18 months. Many private and public sector organisations have been forced to tighten their belts, and Aramco is no exception.

Last year, sources in Dhahran reported that the company, which produces some 98 per cent of the kingdom's oil, had a $1,000 million operating deficit on a budget of $3,500 million. This year, they say, the operating budget is around $3,000 million, and the deficit is likely to be greater than before. "Aramco is somewhat trapped within its own traditional system of generous gratuities, service and retirement benefits, and social welfare programmes. These go back 30 years and are impossible for management to change overnight," says one observer.

Nevertheless, staffing cuts have had to be made as part of a major rationalisation programme. The number of people on Aramco's payroll has been reduced to around 50,000 from 55,819 at the end of 1984, and further cuts are planned over the next three years, bringing the total to about 40,000.

Even before the slump in prices, Aramco's activities had been fairly low-key for some time. No new fields have been brought into production recently, although exploration work continues. Last year Aramco added a little to the kingdom's known recoverable oil reserves, which amounted to 166,300 million barrels at the end of 1984. Gas formations were also found, adding to end-1984 recoverable reserves of around 3.2 million million cubic metres.

Among the few major projects currently under way are modernisation of the Ras Tanura refinery, and expansion of the 1,200-kilometre East-West crude oil export pipeline from Abqaiq to Yanbu. A new 56-inch-diameter line, running parallel to the existing one, will be hooked into the East-West line's 11 pumping stations. This will increase capacity from 1.85 million barrels a day (b/d) to 3.2 million b/d.

About 1 million b/d is being pumped through the existing pipeline. Of this, 550,000 b/d is Iraqi oil taken from the 630-kilometre Iraqi spur line, which joins the Abqaiq-Yanbu line at pumping station number three (PS3), near Abqaiq.

Expanding the East-West line while slashing spending on other areas is strongly criticised by some observers, who point out that present capacity is more than sufficient for the kingdom's needs. Other analysts defend the move. They see it as an important strategic measure that in the long term will reduce dependence on crude shipments through the troubled Strait of Hormuz.

Postponement in March 1985 of the 160,000-b/d Abqaiq refinery came as a blow to Aramco, which was acting as client on behalf of state energy and minerals agency Petromin. It was also bad news for Saudi construction firms, since some $1,000 million worth of contracts had been awarded, and equipment fabrication and civil works had already begun. In September, Planning Minister Hisham Nazer announced that work on the plant would be resumed during the fourth five-year plan (1985-90), but that Aramco would no longer be involved.

Cutbacks were also made last year on planned offshore oilfield development. This mainly affected the northern fields of Marjan, Safaniya and Zuluf. A number of platform and submarine pipe schemes were postponed, and other development areas put under review.

Aramco will, however, have overall management control of Ipsa 2, the second phase of the Iraqi pipeline through Saudi Arabia, for which bid packages are expected in June 1986. The US' Brown & Root is preparing packages worth up to $2,000 million on behalf of the client, Iraq's State Organisation for Oil Projects. The main components are: fabrication and supply of pipe, valued at about $200 million; installation of the line, also about $200 million; construction of pumping stations, and erection of on and offshore loading terminals near Yanbu.

The line will run for about 970 kilometres from PS3 to the Red Sea coast near Yanbu. About 180 kilometres of 42-inch and 56-inch diameter pipe for Ipsa 2 are already being supplied by a Japanese consortium led by Marubeni Corporation. This is being installed in mountainous areas by Saudi Arabian Saipem as it works on the separate contract to increase the capacity of the East-West pipeline (MEED 5:4:86, Iraq).

Saudi Arabia is not expected to contribute to Ipsa 2's financing, which will be arranged between Iraq and the contractors involved.

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SAUDI ARABIA

UTILITY DEVELOPMENT REVIEWED, RURAL NEEDS SEEN

London MEED Special Report in English May 86 p 36

[Text] WITH investment of billions of dollars over the past decade, Saudi Arabia gives every appearance of having all but completed its power and water infrastructure. But almost 20 per cent of Saudis were still without mains electricity by the end of the third five-year plan (1980-85), evidence that much remains to be done — particularly in rural areas and the smaller population centres.

The annual growth rate of power generation during the current plan period (1985-90) is expected to fall below the third plan's 17 per cent average, but should hold steady at only just under 15 per cent. The slump in government revenues may have a long-term effect on new construction plans, but there is no evidence so far of major modifications to work in hand.

Even if the construction programme slows, there will be operations and maintenance work to be done on power schemes already under way. These are planned to cost SR 19,000 million ($5,205 million) in the period to 1990.

Cuts are more likely to come in government subsidies on power prices. According to Industry & Electricity Minister Abdel-Aziz al-Zamil, these currently cost SR 2,500 million ($685 million) a year. All told, he said recently, the government had invested more than SR 40,000 million ($10,960 million) in building the power network.

Moderate domestic users and industry have been the main beneficiaries of subsidies. The electricity companies charge only SR 0.07 ($0.02) a kilowatt-hour (kWh) for consumption up to 3,000 kWh per month, SR 0.10 between 3,000-4,000 kWh, and SR 0.15 over 4,000 kWh. Industry is charged SR 0.05 across the board. Bringing power to the customer costs the electricity boards SR 0.13-0.15 a kWh; the gap between production cost and price to the consumer is bridged by the government.

Subsidies are a sensitive political issue. To reduce them, the government will have to prepare its ground better than it did in late 1984, when electricity prices were raised in accordance with the fourth plan's call to trim state support.

Public feeling, already roused by cuts in public sector employees' salaries and allowances, forced a retreat. On 1 December 1985, to "relieve the financial burdens of the people," the government restored the subsidy levels previously in force.

The pattern has been similar in water supply, where big industrial users have been the main beneficiaries of generous government support. In February 1985 charges to industry were raised, partly to reduce waste. By the end of March 1986, however, cuts of up to 50 per cent had been announced in the tariff scale. The new charges are SR 0.30 ($0.08) a cubic metre ($m^3$) on the first 100$m^3$ a day, SR 1 ($0.27) for 101-200$m^3$, SR 2 ($0.54) for 201-300m^3, and SR 4 ($1.09) above that.

Development of desalination plants is a priority for project spending over the next four years. Seven existing desalination networks already supply 475 million gallons a day (g/d), but demand is growing.

The Saline Water Conversion Corporation has six capital investment projects in the planning stage. They include phase two of the Yanbu-Medina plant, adding 20 million g/d and 50 MW of generating capacity, a 30 million-g/d plant at Tabuk, and phase three of the Al-Khobar desalination network, to provide a further 60 million g/d for Al-Khobar and Dhahran.

Development of piped water supplies is also continuing apace, particularly in the southwestern Asir province. Mountainous terrain, and the long distances between centres of consumption, will require proportionately higher expenditure than have most other areas of the country.

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UNITED ARAB EMIRATES

PLANNING MINISTER DESCRIBES STATUS OF NATION'S DEVELOPMENT

Abu Dhabi AL-ITTIHAD in Arabic 19 Mar 86 pp 8, 9

[Interview with Hamid Ibn Ahmad al-Mu'alla, Planning Minister: "The Government Has Spent 135 Billion Dirhams on Vital Projects in the Course of 5 Years"]

[Text] His Excellency Shaykh Hamid Ibn Ahmad al-Mu'alla, minister of planning, gave AL-ITTIHAD the first comprehensive interview after he assumed the tasks of the ministry. In it he dealt with the economic and social developments the country has witnessed since the federation was established in 1971.

His excellency asserted that the establishment of the Planning Ministry expressed the belief of the political leadership in the country in the importance and necessity of relying on the system of planning in administering various economic and social activities.

In his conversation, his excellency dealt with the achievements the Ministry of Planning has realized as well as the obstacles facing it, stressing "Planning activity in general faces numerous difficulties, even in the advanced countries."

He reviewed the reasons for the delay in execution of some projects and the importance of coordinating among various federal government agencies in carrying out projects, to guarantee the proper use of the country's financial resources.

He again stressed the importance of the results of the third general population and installation census in setting out a sound conception of the future for the country's domestic manpower requirements.

The Political Leadership and Planning

[Question] The Ministry of Planning is considered one of the important ministries and it is given charge of setting out the programs of the government's economic and social plans. What is your conception of the ministry's role in this regard?

[Answer] The establishment of the Planning Ministry as part of the first organization of the cabinet following establishment of the federation without a doubt expresses the belief of the political leadership in the country in the importance and need to rely on the system of planning in administering various economic and social activities. At the same time, the belief of the country's leadership and consequently the leaders of the government's various institutions in the importance of relying on the system of planning in the decisionmaking process provides firm ground for making the planning process a success, especially if the other elements are furnished, such as financial resources, accurate statistical data, feasibility studies, comprehensive legislation for various areas of life, the regulation of government agencies, the development of coordinating activities among various sectoral and local agencies and so forth. Proceeding from this, the Ministry of Planning has a role of the utmost importance in overall economic and social activity in the country. This role increases in importance when the nature of the country's economy and the circumstances surrounding it are taken into consideration, especially those related to population conditions and the effect of international economic vicissitudes on the country's economy.

On learning in summary form about the economic and social developments the country has witnessed in past years, the importance of the ministry's role in promptly diagnosing and evaluating the nature and tendencies of the economic and social development process in the country becomes apparent, with the material this provides decisionmakers for adopting and drawing up policies and measures which will guarantee confrontation of the various local and international developments with the strongest influence on the course of development in the country. Up to the end of the fifties, the emirates' economy was characterized by limits in their economic and human resources, since economic activity was basically concentrated on activities of agriculture, trade, fishing and pearl production. At the beginning of the sixties a new stage of economic and social development for the emirates started, since crude oil was discovered and was produced commercially and exported. Crude oil revenues were used in carrying out some projects, especially service projects. In the course of the seventies, a new stage started, one of the most important features of which was the establishment of the federation in 1971, since the stage of headlong growth began with its establishment and the rectification of crude oil prices in 1973. This was founded on massive investments which embraced various sectors and emirates. These investments and current government spending brought the country to a state of economic prosperity it had not previously witnessed, which reached its peak in 1976. In the latter part of the seventies, a new stage began which was characterized by a slowdown in the growth rates of a number of economic variables. This stage began in the second half of 1977 and its dimensions clearly assumed concrete form in 1978, when many factors, including foreign ones resulting from fluctuations in world demand for crude oil, and domestic ones, the most important of which was the outstripping of domestic absorptive capacity, worked to bring the country's economy to a state of recession. The stage of slowdown in growth rates continued until mid-1979, when economic activity regained its vigor as a result of the numerous measures and policies which the government had taken in various areas, especially in the areas of public finance, banking activity and housing, in addition to the improvement in the conditions of the world crude oil market. During the

period, the feeling of the importance and need to prepare a medium-range economic and social plan, with the goal of realizing development in a more competent manner, increased. One should bear in mind that development projects were being carried out by means of annual plans and programs at the federal and local levels.

1980 the Turning Point

[Question] However, the years that followed this witnessed important economic and social transformations. Where is the position and role of the Planning Ministry in regard to these?

[Answer] It is true that the years 1975-80 witnessed radical transfomations in various areas, since the average per capita income in the country of the emirates became one of the highest in the world, the economic sectors realized high growth rates and projects were carried out in various fields during the period 1976-80 whose cost came to about 135 billion dirhams. Health and education services were also spread out over various areas of the country, advanced infrastructures were built, final consumption in its government and family segments developed at high rates and the government's fiscal status evolved. Advanced foundations were also laid for numerous industries, especially those relying on crude oil and natural gas as a primary material and energy. In addition, the period witnessed the development of federal and local government agencies. The process of passing legislation also developed to include numerous areas. With these great achievements, the government experienced numerous issues, some of which were of the utmost sensitivity, among the most important of which were the increase in the population at a great rate and the change in the population composition as a result of the government's reliance on immigrant labor to meet the requirements of economic and social development. The country's economy also began to rely to a great degree on the outer world for imports and exports and the crude oil sector came to account for a large share of the volume of the country's gross domestic product.

The year 1980 is considered an important turning point in the economic history of the state of the emirates, since most economic variables reached their peak of development that year. Although some of the variables continued to develop in subsequent years, others tended to become stabilized. This can be attributed to numerous things, most importantly the change in world oil markets after mid-1981 and its effect on overall economic developments in the country, since the crude oil sector continues to account for a large share of the volume of gross domestic product, and in addition crude oil revenues represent the bulk of general budget revenues. In addition, the nature of economic developments in the country, following the completion of most infrastructure projects, assumed new tendencies as a result of the change in investment trends. Trends in government spending, especially its investment aspects, also changed, since government spending plays a major, influential role in various economic activities in the country.

The economic conditions which prevailed in the country in the period from mid-1977 to the middle of 1979, which were characterized by a slowdown in the growth rates of many economic variables, the drop in the volume of

revenues which basicaly resulted from fluctuations in crude oil revenues and certain economic behavior, especially in the area of housing and bank activity, in addition to the newness of most government institutions, which confronted such conditions at the start of their activity, as well as the inadequacy of legislation and the simplicity of interrelations between the sectors and the country's economy, all faced the government's agencies, especially the economic ones, with great challenges. As a result of that, the feeling of the importance of programming economic decisions increased. The government policies and measures taken at that time had an effective role in correcting the economic conditions which prevailed during this period. After 1981, the country's economy faced economic circumstances which are considered sensitive with respect to the course of development in the country. In general, the country's current conditions differ in numerous areas from what prevailed during the seventies, since most of the country's institutions had rounded out their organizational forms and the process of legislation developed. The process of programming decisions also developed, and attention to planning activities increased. In addition, the government has now come to possess a more developed and diversified economic base in comparison with previous years, since the degree of sectoral interlinkage has increased and the volume of local production has risen, especially in the activities of industry, agriculture, water and electricity. Domestic manpower has also developed in quality and quantity, and the government has come to possess extremely developed infrastructures.

A Look at the Future

[Question] So how does your excellency look at the future and ways of preserving these achievements in the light of current economic developments?

[Answer] I will sum up this conception in six [sic] points:

1. Crude oil revenues, as has been the case in the Arab Gulf crude oil producing countries, have enabled the society of the emirates to develop its economy on modern foundations, especially since these revenues have enabled the bodies concerned to build and develop the country's infrastructures in the past decade. The increase in oil revenues in the manner which occurred in past years accelerated the circumstances for the execution of measures bearing on the development of effective financial reserves, and economic and social activities became directly or indirectly connected to these revenues. This situation will continue in years to come with a change in the degree of dependence. This change will rely on the magnitude of the efforts exerted in the search to diversify income sources. Although the country's reserves are considered abundant, the volume of annual crude oil production limits the life of the known reserves. Therefore, proceeding from the premise of the importance of oil activity in overall economic and social conditions in the country, consideration of the development of crude oil and natural gas activity must be tied to the following considerations:

Preservation of oil and gas reserves for the longest possible period on grounds that this is the best investment for the future and that concentration should be on programs to drill for oil and gas in promising areas and in all emirates.

Although specifying the quantities to be produced annually is the result of local factors and foreign considerations, and since crude oil is not a renewable resource, this determination process must be connected first of all to development needs, realization of the goal of diversifying income sources and other actual needs.

2. The country of the emirates, like the other Arab Gulf oil-producing countries, relies mainly on fiscal policy, and to a limited degree on credit and monetary policies, in promoting economic activity. The oil countries' orientation in relying on financial policy and government spending (one of the instruments of financial policy) to stimulate economic conditions in particular can be attributed to the presence of financial resources resulting from crude oil production and exports and as a result of that government spending has become the main determinant of economic activity. Since this spending is now tied to the development of crude oil revenues, with the goal of preserving the momentum and development of economic activity, the situation requires thought about the use of other instruments of fiscal policy. One should bear in mind that the results of the use of these instruments are more comprehensive than the financial yield. They are used to direct investments toward activities and areas which are targeted for development, to improve economic capability, and so forth. In addition, the attainment of positive results in the treatment of matters which newly arise in the government's economy, the preservation of financial stability and the confrontation of cases of inflation are done through support for the Central Bank in its efforts toward carrying out and developing monetary and credit policies and increasing activities of coordination among these policies and the government's general economic policy.

3. The population conditions in the country and the workforce have occupied an important share of overall development efforts. In recent years, population conditions have improved in the relative sense as a result of government measures taken to organize the flow of the immigrant workforce. Although the method of drawing labor from abroad which existed during the seventies was founded on the reduction of their role to a substantial degree, isolated emphasis on the measures will make the process of organizing population conditions take a relatively long period of time and will entail high economic cost, as well as entailing economic risks for a longer period, requiring reliance on medium- and long-range plans.

4. The government, in past years, has exerted great efforts in the direction of building and developing the infrastructure. The country of the emirates has become distinctive in these respects. These efforts have furnished an appropriate opportunity for expansion in productive development, and industry, according to economic criteria, is the most flexible sector for realizing the goal of diversifying income sources to provide many necessary assets in capital, energy and some types of raw materials. In past years, a number of industries have been established in areas of oil industries, chemical industries, building material manufacture, machinery and mechanical industries, food industries, paper, textiles and so forth. The government activity sector has taken charge of establishing large projects while the private sector has taken over medium and small projects, especially those producing consumer goods. Although the previous years have witnessed an overlap in

some projects because of mediocre performance in coordinating activities, or those which were below competence in feasibility studies, the recent years have nonetheless witnessed a development in the volume of industrial production, since local production's share of commodities traded in the country's markets rose from 13 percent of the volume of commodities traded in local markets in 1980 to more than 25 percent in 1984. In addition, local production has gone beyond the country's boundaries, since exports of commodities produced locally (industrial in the first place, then agricultural) came to about 11.0 billion dirhams in 1984 as compared with about 3 billion dirhams in 1980, and about 9 million dirhams in 1975. In spite of this great development in industrial production, first of all, and agricultural production, second of all, in meeting an important share of local demand, and the development of the country's exports of local production, current data require that further coordination take place with the Cooperation Council and other Arab countries, especially since the government's orientation is to rely on capital-intensive projects, which normally are of high cost and require skilled specialized labor. In addition, expansion in some branches of industry requires more caution, in view of the sharp change in the international markets' capacity to absorb a number of commodities.

5. While it is important to give priority to the industrial sector, in view of the benefits this sector enjoys, the agricultural sector can contribute to attainment of the goal of diversifying income sources. Although the opportunities available in this sector are not as flexible as those of the industrial sector, since the agricultural sector is surrounded by special circumstances which might cause investment expansion to be restricted by a number of precautions, in past years, as a result of efforts which have been exerted, the sector has realized encouraging results and agricultural production has realized distinctive growth rates by international standards, and this requires a review of trends bearing on the agricultural sector, especially if the issue of self-sufficiency in food and the use by some foodstuff-producing countries of foodstuffs as an instrument for pressure and bargaining in political areas is taken into account. In addition the greatest percentage of citizens work in the agricultural sector, in comparison with the other sectors.

6. In the special document concerning the major general goals of development, it was stated that economic development should take place on a balanced basis with respect to the country as a whole and in the context of the emirates. Social growth should occur alongside economic development so that a single level of civilization may be present among emirates in all cases. One of the things worth pointing out is that the expenditures of the federal budget, in its current and investment segments, have in the past years helped provide the elements of the infrastructure in the various emirates, especially those with limited resources, enabling them to hasten the development of economic activities in them, with federal resources, their own resources or the initiatives of the private sector. However, on the other hand, as a result in the difference in the magnitude of each emirate's intrinsic resources, the growth rates which have been realized, the volume of economic activity and the volume of achievements have differed from one emirate to another. Many recommendations have been advanced in this area, including those carried out through the federal budget and those included

as part of the policies of the first 5-year plan, the most important of which are the effort to complete the basic infrastructure in each emirate, use of each emirate's relative advantage in distributing investments and the provision of financing for productive development projects through domestic financial institutions.

7. The country in past years has provided the private sector with many forms of support, and these have helped increase this sector's role in overall economic activities. Since the coming years will witness new development trends, the areas of activity which some private sector activities have been accustomed to working in will diminish, in view of the completion of most infrastructure and service projects, and, consequently, investments, in particular government ones, will assume new orientations in coming years. This will require emphasis on the provision of circumstances favorable for the private sector to develop its activities and use its savings in various economic areas, especially productive ones. The establishment of the Industrial Bank in 1981 was an encouraging start in this area.

Planning Activity and Difficulties

[Question] Following your assumption of the tasks of the Planning Ministry, do you have specific notions about enabling it to perform its responsibilities and duties?

[Answer] The legislation issued in past years assigned the planning agencies to carry out their work in terms of study and program preparation, statistical survey preparation, data gathering and classification, the relationship between the Planning Ministry and the other ministries, and followup of development projects. However, on the other hand, planning activity, in general, faces numerous difficulties even in those countries which have made advanced strides in the process of economic and social construction, and the difficulty of work in the developing countries is increasing, since the planning process is a positive participation process among the various institutions of government and requires effective cooperation and coordination among the various agencies of the government; in addition it is important that planning awareness permeate not only among people working in government agencies -- indeed, the situation requires cooperation and understanding of the goals and purposes of planning on the part of individuals. The Planning Ministry, same as the other government agencies, is considered relatively new in origin, and in the past years the ministry has striven to establish relations of cooperation and coordination with the country's various federal and local agencies with the objective of guaranteeing the smooth flow of data, information and studies necessary for planning activity on the overall and sectoral levels, and finally on the regional level. The ministry will strive to expand and develop the areas of cooperation and coordination by increasing channels of communication and mutual reliance. Expansion in the establishment of offices for planning and statistics and support of existing offices in the government's federal and local agencies will help eliminate many of the obstacles in the way of planning activity. In order for the process to be feasible, it will have to rely on accurate, comprehensive data and in the coming period emphasis will be placed on development of the process of the flow of statistical data to and from the Planning Ministry as part of the ministry's efforts.

Achievements of the Past Period

[Question] What are the most prominent achievements the ministry has realized in the past period?

[Answer] With reliance on the tasks spelled out for the Planning Ministry, the ministry, since its establishment, in spite of the difficult work circumstances and deficiency in technical personnel, has performed a number of activities, of which the most important are:

The execution of three general, comprehensive censuses of the population and organizations in the country, the first in 1975, the second in 1980 and the third in 1985.

The execution of comprehensive statistical surveys of a number of economic variables, such as manpower and basic skills, the tabulation of employment and wages, work hours in private establishments, the survey of industrial organizations and industrial production, and so forth.

The ministry annually issues a number of statistical books which include various overall and sectoral, economic, financial and social statistical variables. The most important of these books are the annual statistical compendium, foreign trade statistics, prices, indices, population and labor, and so forth.

Since 1975 the ministry has been preparing the annual plan for federal projects in cooperation with other ministries and technical agencies in the governments of the emirates, and the ministry issues semi-annual and annual reports on the followup of execution of the development projects.

From time to time the ministry issues an enlarged book on economic and social developments in the country covering a time period of 3 to 5 years, including a comprehensive analysis of various developments in the country on the overall, sectoral and regional levels.

The ministry has prepared and continues to prepare a number of economic and social reports and studies in the areas of population, labor, industry, agriculture, housing, transportation, communications, banking activity, general finance, government subsidization, investments, education, health, insurance and so forth.

The ministry also prepares the studies necessary for developing planning activity in the country and also prepares the studies necessary for economic planning. The ministry, in coorperation with the various federal and local agencies of the government, has prepared the first 5-year plan in the state of the emirates for the years 1981-85. This plan has included the various emirates, all activities and sectors, and all economic and social variables, and it has also included the public and private sectors.

The ministry is preparing the studies necessary for organizing technical relations with the specialized international, regional and Arab organizations.

An Absence of Planners -- Why?

[Question] What causes have impeded the existence of specific plans and programs for economic and social development in the country?

[Answer] The process of preparing any plan, whether it is an annual or 5-year plan, is one of positive participation between the central planning agency and the other government agencies at their various levels. The government of the emirates, since establishment of the federation, has relied on the planning system to manage economic and social activities, and although many technical and administrative obstacles stood in the way of the planning process in the country, the planning agency, in coordination and cooperation with the related ministries and technical agencies in the emirate governments, is preparing the annual plan for federal projects, which approves the annual phase of application of the 5-year plan. One should bear in mind that the planning agency previously prepared the first 5-year plan in the government for the years 1981-85. This plan included all economic and social variables and all sectors. It also included the public and private sectors and all emirates. The projects of the plans and investment programs prepared in the emirates, as well as the sectoral programs, are drawn up with reliance on the general goals of development authorized by the government and in coordination with the economic, social and planning studies the Ministry of Planning prepares.

[Question] Some people say that the Planning Ministry remained "a ministry without tasks" for a long time. Does this arise from its failure to pursue its areas of competence or is it due to a lack of clear areas of jurisdiction for its tasks and responsibilities?

[Answer] The legislation issued in the past years, starting with Federal Law One for 1972, by virtue of which the Planning Ministry was established, has spelled out the tasks and areas of specialization of the Planning Ministry. During the previous period the ministry continued to engage in its specific activites. This is not to deny that there are many difficulties which faced the ministry during the performance of its activities, which is normal in view of the recent origin of most government agencies on the one hand and the special nature of planning activity on the other. The Planning Ministry's most important activities and areas of specialization, as the legislation issued in this regard has stipulated, can be summarized as follows:

Preparing detailed studies on natural and human resources, making statements on the country's development needs, recommending goals and priorities in accordance with the general indices of development authorized and studying resources and means of development to realize the hopes of the society. That takes place through coordination and cooperation with the competent bodies in the various institutions of the federal and local government.

Preparing drafts of long, intermediate and short plans, recommending policies necessary for their application and following up on their execution by discussing the orientations and details of the plans with the related bodies.

Recommending annual development budgets and following up on expenditures in cooperation with the other ministries of the government.

Preparing the necessary economic, social and financial studies for drawing up development plans and also preparing international comparative studies, especially with those countries which have gone through development stages similar to the circumstances and stages which development in the country has gone through.

Recommending basic elements for the analysis of fixed capital formation projects, defining their priorities, preparing the final form of the projects and investment programs distributed among sectoral breakdowns and the executive and beneficiary bodies in the government sector, the public activity sector and the private sector and also preparing a complete picture of investment components in the form of goods and services and preparing policies which will guarantee the provision of financial, goods and service resources.

Preparing national accounts reflecting the economic state of affairs in the country, providing the requirements of estimates for the future and studying savings and their developments and trends.

Studying the volume of rates of final consumption (family and governmental), its pattern and its components, studying export, re-export and import resources and requirements and the study of customs statutes that requires, and also studying elements of unforeseen receipts and payments from services.

Analyzing government spending and the resources necessary for this spending and studying the activity of the banking system and its role in financing development.

Preparing detailed studies on productive capacities in various sectors and studying requirements of accessories, labor and wages, the development of productivity, the possibilities for development in the sectors in the future, structural variables which can be created within them and their effect on major economic variables.

Preparing population research and studies, studying population growth trends, studying the conditions of existing labor and various areas of specialization, studying anticipated demand for labor and studying domestic workforce development.

Preparing detailed studies on other educational and health services and other social services.

Performing a general census of the population in the country from time to time, analyzing data on that and publishing its results.

Collecting, coordinating, analyzing and publishing statistical data in the country on various economic and social variables for all activities and sectors on the federal and local levels.

Preparing drafts of programs for statistical activity in the country in a manner which will provide the requirements of development plans in the

country in accordance with the priority of need for them and defining the statistical operations assigned to the federal and local bodies.

Preparing and following up annual programs, defining elements of the annual plans in a manner which will realize the goals of development in coordination and cooperation with connected entities and preparing periodic reports on the course of the execution of development projects.

Studying the conditions of technical aid offered by international and regional organizations and adopting means which will guarantee the execution and followup of the technical aid plan, in cooperation with the Foreign Ministry and other related bodies.

To provide further details, one can refer to the following legislation bearing on planning activity in the country:

Federal Law One for 1972.

Federal Law Three for 1973 bearing on national planning.

Federal Decree 40 for 1974 bearing on the statute of the Planning Ministry.

Federal Law Nine for 1974 bearing on the organization of statistics and the census in the country.

Council of Ministers Circular 15 for 1975 bearing on the establishment and support for planning and statistics offices in the ministries.

Federal Decree 20 for 1978 amending the statute of the Planning Ministry.

Council of Ministers Decree 1/39 for 1979 bearing on the preparation of the 5-year plan.

Higher Federation Council Decree One for 1979 regarding the preparation of the economic and social development plan in the country.

An Absence of Coordination — Why?

[Question] One of the obstacles the Ministry of Planning has faced during the previous period is the absence of coordination between itself and the governments of the emirates in regard to the execution of economic development execution programs. What is your notion on remedying these obstacles?

[Answer] It is necessary to point out that the issue of coordination between the Planning Ministry on the one hand and the ministries and technical agencies in the governments of the emirates on the other regarding development projects in the preparation stage of investment plans and programs, or in the execution and followup stage, is to be considered of the utmost importance and numerous studies have been prepared in this regard. In view of its importance, the legislation issued in the past years regarding planning has contained a number of articles which have defined the nature of the technical relationship between the ministry and the technical bodies in the other

organizations of the government and federal and local ones in general. The Planning Ministry has adopted a number of measures which will guarantee that a gap is not created between federation-wide planning and planning on the level of each emirate, since the Planning Ministry prepares the draft of general trends for the plan, including a recommendation defining the overall volume of investments distributed among sectoral and functional categories. After that the Planning Ministry receives the drafts of branch plans of the ministries and the emirates' plans, and the ministry takes charge of studying the recommendations within the limits of investment programs and in accordance with priorities, on the basis of the requirements for the realization of integration of scheduling and balance among sectors and within the estimated objectives, since investments are distributed in a manner which will be in keeping with the conditions of execution and will guarantee integration and the absence of disruption in programs in the context of the federation and the emirate.

Development of the coordination process in the country is connected to a number of things, most important of which is the factor of time. During the first years of the federation, in view of the recent origin of most government organizations and the pressing need which existed at that time for a number of services, and in conjunction with affluence, the coordination process faltered, but in recent years, especially once most of the government's institutions had rounded out their organizations and legislation had embraced the various areas of economic and social activity, the process of coordination among the government's various agencies developed. In addition, assertion of the importance of establishing offices for planning and statistics and development of those that existed in the federal or local organizations will help increase coordinating activities, especially since that is related to the establishment of technical work relationships between these offices and the Planning Ministry which transcend the recognized forms, with the goal of guaranteeing the use of government resources in the most competent manner possible. Commitment to the general goals of development, which are considered an authorized document for long-range goals, includes the harmonization of development plans. One thing that is worth pointing out is that the Planning Ministry, as part of its efforts in this area, has prepared a number of studies and memoranda and has recommended numerous ways of developing the coordination process.

[Question] But it is important to realize full cooperation between the ministry and the other emirates of the country in the area of the execution of federal projects, especially as regards site selection. How do you view this matter?

[Answer] With respect to the definition of project sites, that is done in accordance with economic and social feasibility studies and by means of coordination with the bodies concerned in the emirates and the competent ministries. The studies and reports of field followup the Planning Ministry prepares periodically have stated [words missing], especially those which discuss the reasons for the delay in the execution of some development projects, since it has been found that the most important major reasons for the delay in the execution process can be attributed to the subject of site selection, and the Planning Ministry in past years, through joint

committees, has striven to deal with this issue, which is considered one of the important elements in the realization of the goals sought in establishing any project.

A Document on Development Goals

[Question] Is there an intention to set out new 5- or 10-year economic development plans? If the answer is yes, what are the features and goals of this plan, and if the answer is no, what are the reasons for the absence of such a plan?

[Answer] Through the economic and social studies which have been made in the country, with reliance on the directives of the leadership of the country, the government, after taking all circumstances surrounding the country's economy into account and also taking future trends into account, has approved a document containing an integrated group of general economic and social development objectives with a relatively long time dimension. This document is now what determines and directs all economic and social activities in the country, since all investment plans and programs and economic and social policies are drawn up and prepared in accordance with and with reliance on the contents of this document. Its contents may be summarized by the following:

Economic development should occur on a balanced basis with respect to the country as a whole and in the context of the emirates, and balanced social growth should take place alongside economic development, so that a single level of civilization may be present among the emirates in all cases.

Development and the takeoff of development require creative cooperation among the countries of the Gulf and the Peninsula in the framework of cooperation among Arab countries in particular and Islamic countries and the international community.

The national economy should be supported and its capacity for self-sufficiency should be strengthened by the use of scientific achievements, change in the productive structure, diversification of its activities and strengthening of its powers in order constantly to promote growth and emphasis on:

A. Expansion in the use of ocean resources, on grounds that the country is situated on the edge of an area rich in marine resources, and a vertical and horizontal increase and expansion in plant and livestock agricultural exploitation, in order to arrive at the best possible increase in agricultural production with the best crop structure, by constantly taking into account the development of fishing methods, care for plants and livestock, extension of the farming season, the proper use of water and expansion of its use economically and reliance on mechanization and organization.

B. The ongoing discovery of mineral and extractive resources by establishing and encouraging the establishment of processing industries in accordance with the best distribution among emirates and on the basis of their establishment in the most economically, technically and socially appropriate locations, with coordination and integration among them and the placing of

reliance on capital-intensive projects and high-production projects on the local level or in a manner transcending this scope in the framework of joint cooperation, with the effort to increase added value by concentrating on processed exports and limit the increase in imports as much as possible.

C. The development of sectors supporting the economic foundation on a basis which is compatible with the demands of productive and service growth, the linkup of the emirates, the development of trade of various kinds and the facilitation of the takeoff of development without restrictions or bottlenecks, with emphasis on the importance of joint projects in the context of the Gulf and Peninsula region, basically, and the Arab countries in general, in the areas of transport and communications projects in particular.

The people of the country of the emirates are the objective and social services of various forms are a basic right they possess. Education is to be guaranteed everyone and is to be organized to provide the country's requirements for the most suitable domestic specialists in development, with emphasis on the importance of adult education and the elimination of illiteracy, and preventive and treatment health care is to be guaranteed through appropriate distribution among the regions. Emphasis is made on the importance of scientific research as well as the provision of suitable social care and cultural, information and environmental services and the provision of housing in a manner which will offer citizens the highest and most competent level of services, provide security for the country domestically and abroad, preserve the environment and society's assets, morale and sacred properties and cause them to grow in sound directions.

Society's welfare is realized as a basic goal of development through a constant increase in standards of living, from the standpoints of consumption or the standpoints of services, on a basis of social justice, while affirming this welfare for coming generations by directing an increasing amount of income toward investment guaranteeing constant growth and increasing income.

The development of the domestic workforce and the formation of trained personnel within it which can meet the requirements of development in areas of specialization that are in keeping with the distinctive conditions relative to the country and the effort to raise the level of productive capability and realize a suitable supply of labor in accordance with the various stages of growth at all times and policies guaranteeing that. All the foregoing will take place in the context of creative cooperation between the private and public sector, as stated in the constitution and in accordance with the country's economic and social system.

The Organizational Structure of Planning

[Question] Do you consider that there is a need to set out a review of the ministry's current organizational structure or to set out a new structure for it?

[Answer] The Planning Ministry since 1972 has experienced numerous developments. These developments have included the ministry's structure and areas of competence. These developments have taken place pursuant to work

circumstances and the orientations of economic activity in the country and other technical circumstances. If the need arises again for a review of the ministry's structure or areas of competence, that will take place following the preparation of adequate studies and in accordance with the constitution. It is worth pointing out, because of the nature of the specifications of the people working in the areas of planning, statistics and followup, that there is a deficit of technical personnel in the ministry. The ministry has sought and still is working to attract specialized domestic personnel to work in the Planning Ministry and its offices spread about in the emirates of the country.

The Results of the Third Census

[Question] Awhile ago, activities were completed in the third general census of the population and installations in the country. What is your evaluation of the final outcome of the third census activities? How is it distinct from the two previous experiences? How can the statistics and data which will be derived be used?

[Answer] There is no doubt that my answer to this auestion bearing on the final evaluation of third population census activities will be positive. The census process, in its preparation and field stages, proceeded along its natural course in accordance with the plan that had been set out, without any deviations in execution. In addition, the preliminary results of the census have turned out to be satisfactory and good to a large extent, thus answering many questions that had been raised previously and had circulated for a while on the existence of a population decline arising from the presence of a recession, which is an unsound interpretation of the stage of the commencement of population and economic stability in the country.

As regards the second part of the question, one can say that the previous censuses in 1975 and 1980 and also this one all took place in accordance with a complete, firm plan of execution and comprehensive oversight over performance at all levels, but this census was distinctive in three important respects which one can specify as follows:

The great increase in the volume of the population, which exceeded the highest estimates the department had reached before performance of the census; this called for an increase by the department in the numbers of people working during the periods of population tabulation and counting. This modification required special effort in organizational and financial aspects during the prusuit of the census, so that it would take place successfully.

The presence of technical and administrative expertise which took part in carrying out the previous censuses. Therefore, this time a greater share of the concentration of efforts was on methods of improving work performance and raising the competence of performance among employees.

The increase in publicity for the census among the population and the adoption of the method of publicity as a direct way to reach every family through the various channels of the media; this created a broad response among all the population to help make this great national process a success.

The role of the Planning Ministry in the society is not confined to the preparation of economic and social development plans but goes beyond that, to the performance of studies and research, followup of the course and development of economic and social activities and in addition evaluation of the results of this development and its effect on society. The use of the census data is at its peak when this data is used to prepare the comprehensive plan, but when such a plan is absent, the ministry makes use of this data in carrying out all the studies and research the ministry carries out.

The use of general population census data is not restricted to the Planning Ministry. The business sector, scientific research organizations and people interested in population affairs can also benefit from the census data. In general the census data is used for:

1. Studying the increase in demand for goods and services because of the increase in the size of the population or because of the change in consumption methods and patterns in the society, so that it will be possible to provide these goods and expand the provision of these services to the various groups of the population in the country.

2. Studying the effects of the change in the size of the population and social change on the distribution of income and economic growth in the country.

3. Studying the economic characteristics of the population relative to the different types of occupations it engages in and the economic activities it carries out, from which it is possible to learn the extent to which manpower is present in the country and the extent of the expansion in areas of economic activity from one time period to another.

4. Studying the effects of population changes on educational, social and housing services, studying the requirements of individuals for them at present and in the future and setting out the necessary plans for coping with the increase in demand for these services.

5. Major construction companies and organizations operating in the area of services benefit from knowing the current and future size of the population in carrying out large construction projects. These projects, for instance housing, electricity, water, sewer, road, bridge, transport, communications and other projects, are connected to the volume and geographical breakdown of the population.

6. Banks and insurance companies benefit from census data in their areas of activity in planning for the opening of new branches and and the provision of various banking and insurance services which are in keeping with the requirements of the inhabitants in each area. They also benefit from it in making mortality charts which enter into insurance installment calculations.

7. Commercial and industrial organizations benefit from the census because knowledge of the population and its geographical distribution and characteristics enables these organizations to estimate consumers' demand for the goods and services in which they are active, such as the demand for housing,

furniture, food, clothing, recreation and entertainment installations and medical and treatment accessories. They are also enabled by the census to know the extent to which the workforce needed to produce these goods and services is available in the geographical areas in which it is sought to provide the service.

8. From the census it is possible to ascertain the extent of women's participation in economic activity and ascertain the occupations in which they take part and the educational level they have reached. On these grounds, it is possible to measure the progress which has occurred in this area.

9. Ascertaining social problems, such as the problem of illiteracy, the phenomenon of divorce, the rate of widowhood, truancy from school, foreign servants and so forth.

The Census and the Workforce

[Question] The Council of Ministers recently formed a higher committee under the chairmanship of His Highness Shaykh Nuhayyan Ibn Mubarak, the higher chairman of the university, to plan the country's domestic manpower requirements. What is your conception in this regard and how can one benefit from the latest population census data in setting out plans for the development of the domestic workforce in the country?

[Answer] The formation of a higher domestic manpower planning committee under the chairmanship of his highness the higher chairman of the university has been a successful step on the Council of Ministers' part. Sound scientific manpower planning requires a reconciliation between supply and demand for manpower in what is known as the human balance of future estimates and, in order to realize sound preparation for this budget, it is necessary to link the education plan to the economic and social development plan. The economic and social development plan highlights the consideration of actual demand for manpower in the sectors of economic activity and in different types of occupations and specializations in the plan period, and the educational plan must respond to the demands of the development plan and underline the different types of occupations and specializations required for it so that there will be no surplus of graduates in certain areas and shortages in other ones.

The census data, after derivation of the final results has been completed, will provide the committee with manpower conditions in detail according to its breakdown among economic activities and in accordance with occupations, areas of specialization, educational level, its distribution among government and other sectors, age groups, period of experience, social status and so forth. These details are required for setting out a sound future conception of this vital aspect of the workforce.

11887
CSO: 4404/330

UNITED ARAB EMIRATES

FALL IN GROSS DOMESTIC PRODUCT CONTINUES FOR FOURTH YEAR

London MEED in English 17-23 May 86 p 30

[Text]

THE fall in gross domestic product (GDP) continued in 1985, when it dropped for the fourth year running. A healthy current account balance was maintained by compensating for the slump in oil revenues by cutting imports, reducing aid grants and effecting private transfers, preliminary figures from the UAE Central Bank's annual report show.

The drop in GDP was 3-4 per cent, which could bring the total to less than Dh 100,000 million ($27,226 million), says central bank governor Abdel-Malik al-Hamar. GDP has fallen steadily since 1981, when it peaked at Dh 124,054 million. By 1984, it had declined to Dh 103,224 million.

The value of oil exports in 1985 amounted to an estimated Dh 40,000 million, compared with roughly Dh 43,000 million the previous year. Gas exports for the year were valued at Dh 5,200 million; exports and re-exports reached Dh 9,000 million. Total exports were valued at Dh 54,200 million.

The value of all imports fell in 1985, to Dh 23,500 million, giving a trade surplus of Dh 30,700 million. Other current account items, services, private transfers and official aid totalled Dh 4,700 million, leaving a current account balance of Dh 26,000 million.

The 1985 balance of payments surplus was Dh 2,500 million less than in 1984, according to Al-Hamar. Preliminary estimates put the 1984 surplus at Dh 6,270 million, giving a 1985 figure of Dh 3,770 million. Taking this away from the current account balance leaves a figure of Dh 22,230 million for total net capital outflows, investments, official capital loans, private capital, and net errors and omissions. This is an apparent increase of about Dh 2,500 million from 1984.

Preliminary figures show the actual 1985 federal budget deficit amounts to Dh 7,500 million — more than twice the planned deficit of Dh 3,656 million. Central bank figures, released on 12 May, indicate the actual deficit in 1985 was 38.1 per cent higher than that in 1984, when it totalled Dh 5,400 million.

If these figures are confirmed, they will show that the federal government failed to control expenditure in 1985 — and by an even bigger margin than the year before. The actual deficit for 1984 has hitherto been put at Dh 900 million, compared with a planned deficit of Dh 3,400 million.

The central government's continued inability to control expenditure is likely to lead to greater restrictions in the 1986 budget. Official statements have suggested that expenditure will be cut by 15 per cent — but the gloomy outlook for the oil market and cost over-runs from 1985 mean it will probably be curtailed by more than this.

In addition, the decline in the dollar — to which the dirham is tied — will mean that the 89 per cent of UAE imports that come from sources other than the US will cost more. The volume of imports is consequently likely to be restricted.

Despite assurances that the 1986 federal budget would be published in April, it has still not appeared. The 1985 budget was not published until December.

/9274
CSO: 4400/190

AFGHANISTAN

COMMUNIST FACTIONS REPORTEDLY SETTLING SCORES

Paris LIBERATION in French 14 May 86 p 19

[Text] The important security measures implemented in Kabul when Babrak Karmal was replaced as the head of the Afghan Communist Party have been lifted according to diplomatic sources. In addition, according to the same sources, Karmal participated in a Politburo meeting on 8 May, apparently to squash rumors that had him in prison or in the USSR. However, according to these diplomats the struggle between rival factions within the administration has not ended. A clash between the Parcham and Khalq factions on 4 May left two dead on both sides in Karte Sakhi to the west of Kabul.

It seems that Babrak Karmal has been missed; some Kabul students demonstrated in his favor according to American sources in Peshawar. At the same time they supposedly asked for the withdrawal of the Soviets, which is unlikely for backers of Karmal, and demanded the establishment of a "true Islamic republic."

Even if the news seems exaggerated, it nonetheless reveals the type of conflicts within Afghan Communism and differences in analysis among leaders which go back at least to the beginning of the seventies. Since its founding the Afghan Communist Party has been divided into two factions, the Parcham (the flag) and the Khalq (the people). Everything separates these two groups. The Parcham, which has been in power since the USSR invaded Afghanistan in 1979, is more "aristocratic." Babrak Karmal, a Parcham recently removed from his position as head of the Afghan Communist Party, is the archetype of a very special group of those favoring the USSR: feudal in their roots and unconditionally attached to Moscow by their intellectual training. The Parcham group, dominated by these "aristocrats," tried a partially successful peaceful penetration of the government, first under the monarchy and then more definitely during the republican period of Prince Daoud, who upset the king in 1973. This prince's change toward a position that was more and more pro-Western and pro-Iranian starting in 1977 appeared as a personal failure to the Parchami leaders, whose sole strategy was to strengthen the enlightened despotism.

On the other hand the Khalq, having a popular social basis, which, through its social origin, was close to that of the Muslim fundamentalists of the Moujaheddin movement of Hezb-e-islami, right away established as their

principle the necessity of violently reversing the dominant oligarchy in order to set up a "proletarian state." For a long time the Soviets rejected this approach, which sounded too much like the Vietnamese or the Arab Communist Left.

However, the Soviets' viewpoint changed considerably, partly because of changes in the Afghan regime's attitude toward them and partly because of a general change in Soviet strategy in the Middle East. So in 1978 Moscow supported the direct taking of power by the Khalq in Kabul and forced its Parchami friends to submit to the law of their allies/rivals. This did not prevent the subsequent Khalqi leaders--Taraqi and then Hafizullah Amin--to summarily liquidate the Parchami officials or to force their leaders into exile (Karmal to Prague and Najibullah to Teheran where he was named ambassador). When the Khalqi regime began to collapse in 1979 and Brezhnev decided on direct military intervention in order to save the faltering "revolution," it was the Parchamis who returned in force in the Soviet army vans.

They convinced Moscow that change would now have to come through setting up a regime based entirely on the Soviet model but which would take into account the religious sensitivity of the influential people, whereas the Khalqis had distinguished themselves with aggressive secularity. This is echoed in the cries of the pro-Karmal students, who since his ouster have demonstrated for the establishment of a real Islamic regime. However, the Parchami's strategy, no more than the energetic and bloody line of the Khalq, has been unable to solve the problem which the Soviets found themselves facing. For about 1 year the time has come for a new deal.

Both more ambitious on a military level and less dogmatic on a political level, the new Soviet approach inspired by the army and the KGB seems to be trying both to dismantle the military power of the resistance and to sacrifice the Soviet followers in the regime in favor of tribal traditions. Although himself a Parchami, Najibullah, who came from the KGB, was put there to eliminate the most sectarian of the Parchamis, zealous propagators of the Brezhnev strategy of total control of the country, which will benefit the Khalqis, who have escaped this settling of scores. A Khalqi has already been appointed minister of defense. The young demonstrators in Kabul probably wanted to show their solidarity with the former government for fear of being sacrificed today as a political compromise with the Khalqis and tomorrow with the forces available for negotiation among the guerillas.

9720
CSO:4619/47

KARMAL'S EFFORTS 'TO SATISFY MOSCOW' TERMED FAILURE

Tehran TEHRAN TIMES in English 6 May 86 p 1

[Text]

MOSCOW (Reuter) – Afghanistan's new leader, General Najibullah, is expected to maintain strong military pressure on anti-Communist insurgents while trying to set the scene for a future Soviet troops withdrawal, diplomats said yesterday.

Najibullah, 39, a former chief of security, Sunday replaced Babrak Karmal as head of the Afghan Communist Party on the eve of new United Nations-sponsored talks with Pakistan on the conflict.

Karmal, who headed the country since the Soviet intervention in December 1979, stepped down as party chief on health grounds but he remains state president.

His departure had been expected since the Kremlin began signalling impatience over Kabul's failure to broaden public support and make progress towards a political settlement.

Moscow diplomats said his retirement with honour made clear he was not in disgrace and reflected a Soviet concern to show continuity and avoid implying any abrupt policy changes.

European and Asian diplomats said Najibullah had clearly been chosen as the man the Kremlin believed best qualified to combine a tough military campaign with social and other measures to win Afghan hearts and minds.

"Karmal's time was up. He failed to deliver the goods," one senior envoy said. "They've picked a man who's tough and has enough authority to be flexible."

Diplomats said Najibullah had a strong record as a security strategist who mixed force with some political sensitivity, and that he would try to convince influential sections of the population they can trust Kabul.

Moscow's political strategy was aimed at isolating Moslem guerrillas, who were unlikely to accept any external settlement, from popular support, they said.

Karmal's efforts to achieve this failed to satisfy Moscow, whose media have in recent months published criticism of his administration.

Kremlin Chief Mikhail Gorbachev has repeatedly stated his wish to have Soviet troops, estimated at around 115,000, withdrawn provided Afghan security can be guaranteed.

Diplomats said there was a strong signal in the timing of the change, a day before Geneva talks where the Afghan and Pakistani foreign ministers will try to thrash out conditions for a Soviet withdrawal.

The withdrawal timetable is the key point in a package of measures, to be settled through the mediation of U.N. Assistant Secretary-General Diego Cordovez.

The Kabul timetable has not been released but diplomats say it is at least 18 months. Pakistan insists on six months.

The other points cover guarantees of Afghan security from the United States and other countries that back the guerrillas, and the return of 4.5 million refugees from Pakistan.

Pakistani officials and western diplomats report little progress so far in the talks which started in 1982.

Though Moscow is clearly impatient to end its costly war, diplomats say they believe Soviet troops will not leave without guarantees that a pro-Moscow government would survive in charge of a non-aligned Afghanistan.

/8309
CSO: 4600/334

STUDENT DEMONSTRATIONS REPORTEDLY HELD TO SUPPORT KARMAL

Tehran TEHRAN TIMES in English 14 May 86 p 1

[Text]

ISLAMABAD (Reuter)– Afghanistan's Communist Party has called for more control over rebellious youths after students held surprise protests backing former party Leader Babrak Karmal, Western diplomats said yesterday.

The first meeting of the ruling Politburo since former secret police Chief Najibullah became party leader on May 4 called for more emphasis on student work brigades and political education among young people.

The party daily Haqiqat-i-Inqilab-i-Saur appealed to members last Sunday to pay more attention to youth problems and to improve the Communist-led Democratic Youth Organization, which supervises all legal youth groups.

At least eight demonstrations, mostly student protests broken up by secret police, have been held in Kabul to support Karmal, who officially resigned for health reasons during a three-day party plenum guarded by Soviet tanks, the envoys said.

The protests appeared to be part of a small sympathy wave for Karmal as he was seen to be under Kremlin pressure, they said, and at least one school organized anti-Karmal protests to counter this.

The envoys quoted unconfirmed reports from Kabul as saying up to 200 students might have been arrested over the protests, which hit the university and the city's elite high schools.

The Politburo meeting last Thursday also called for a new drive against corruption, echoing the efficiency drive introduced by Soviet Leader Mikhail Gorbachev after he took power in Moscow last year.

It said officials should pay 'great attention' to student brigades, which keep young people busy doing 'voluntary' work on state projects during school holidays.

The party paper editorial urged young people to follow their elders' 'revolutionary example', a clear hint that many were not doing so, the diplomats said.

As part of its youth policy, Kabul is holding sports tournaments and singing contests this week to mark the 10th anniversary of the founding of the Democratic Youth Organization.

/8309
CSO: 4600/333

AFGHANISTAN

BRIEFS

ELECTRICITY AGREEMENT WITH CSSR--In order to remove electricity problems in the border and other provinces, an agreement was signed today between the DRA Power Energy Ministry and the CSSR in the Power Energy Ministry to purchase 134 diesel generators for $5 million with a capacity of 30-405 kw per ampere. These generators will be handed over to the Afghan side in 3 years; 49 of them during the current year; 48 in the next year, and the other 37 in 1988. A source in the Power Energy Ministry said that by importing these systems and setting them up, the need of our compatriots in power will be provided for in the provincial capitals of the border provinces, in the districts, and in the subdistricts. [Summary] [Kabul Domestic Service in Pashto 1530 GMT 28 May 86 LD] /9274

DYOA-KOMSOMOL PROTOCOL--A cooperation protocol between the DYOA Central Committee and the central committee of the Leninist Komsomol and the youth organizations of the Soviet Union was signed today at the headquarters of the DYOA Central Committee. The documents were signed by Farid Ahmad Mazdak, first secretary of the DYOA Central Committee and [words indistinct], chairman of the Central Council of the Soviet Leninist Komsomol. They exchanged the documents. Under this protocol, which is valid for 1986-88, the Soviet Komsomol will help the DYOA with sports and artistic uniforms, tools, and publicity matters. [Text] [Kabul Domestic Service in Pashto 1530 GMT 1 Jun 86 LD] /9274

CSO: 5695/2

MAJOR FOREIGN, DOMESTIC ISSUES DISCUSSED BY MUSAVI

Tehran ETTALA'AT in Persian 6 May 86 p 4

[Interview with Prime Minister Mir Hoseyn Musavi by ETTELA'AT; date and place not specified]

[Text] Political service. The major political, economic and cultural issues of the country were discussed and examined in an interview with Engineer Mir Hoseyn Musavi, the prime minister, by the political correspondent of ETTELA'AT.

In this interview, referring to the economic poverty due to an imbalance in the growth of the gross national product and the increase in the population of the country, Engineer Musavi said: After the revolution, production halted in five provinces, involving such areas as agriculture, services, and industries, and naturally the growth of the gross national product declines under such circumstances.

He said: After the revolution, we inflicted a severe blow on the dependent management of the previous regime and replaced it with a younger management. In the first year or two of the revolution, political unrest, the training of managers, and various other problems resulted in a severe production decline. In addition, we must add to the other problems the war, which itself was an escalating factor.

In regards to what product or commodity can replace oil revenues, the prime minister said: We think that, given the wealth of the country in terms of mines and raw materials, much of the investments in some sectors have a very good growth potential, provided we have the ability to invest. Investments which were made before the revolution were not linked to the increased use of domestic resources. Rather, they were heavily linked to global investments. And today, with much effort and with

the changes that have been made in them, they are being linked with domestic resources.

In another part of his statements, Engineer Musavi referred to taxes on private businesses and said: The total taxes that the government collected in 1364 [21 March 1985-20 March 1986] is about 1,030 billion rials, of which about 30 billion rials were from private businesses. Of course, considering Note 16 of the budget law, which was implemented last year for the first time, and other resources and ratifications of the government, we anticipate that more activity will take place in the provinces to collect taxes from private businesses.

In this interview, the prime minister also responded in detail to other questions by our correspondent on topics including the presence of the U.S. warship in the Persian Gulf, the possibility of a U.S. invasion of Iran, the $3.5 billion agreement with Turkey, Iran's conditions for ending the war, relations with France, and the exit of the Soviet forces from Afghanistan.

Thanking his excellency Engineer Musavi and the public relations office of the Office of the Prime Minister, which handled the preparations for this interview with us, the political service of ETTELA'AT publishes the details of this interview for our dear readers.

Question: Considering and comparing the gross domestic product from 1356 to 1363 [21 March 1977-20 March 1985] and also considering its stable, fixed price in that year and the population growth, we see that our people during these 7 years have become 43 percent poorer (KEYHAN, 28 Esfand 1364 [19 March 1985]). On the other hand, the cash flow in the private sector in 1363 [21 March 1984-20 March 1985] compared to 1356 [21 March 1977-20 March 1978] has increased by at least 4 times, reaching 8,000 billion rials, that is, more than the government budget. In your opinion, what factors have been effective in creating such a situation and what are your programs to deal with this problem?

Answer: First, we must see what our currency consumption was in 1356 [1977-78], to what extent oil had a share in our gross national product, and what this amount was in 1363 [1984-85]. In 1363 [1984-85], the share of oil in our gross national product was very small. Naturally, this will somehow stop growth. After the revolution, our production halted in five provinces, involving such areas as agriculture, services, industrial products and the like, and naturally the growth of national products will decline under such circumstances. It is necessary in a proper and comprehensive analysis to refer to this issue so that, God forbid, we do not unwittingly cause some sort of pessimism. After the revolution, we inflicted a severe blow on the dependent management of the previous regime and replaced it with a younger management. In the first year or two of the revolution, political unrest, the

training of managers and various issues that have been discussed in detail, and which I do not intend to discuss here, naturally caused a severe decline in our production. On the other hand, we must add the war to the other problems, which was itself an escalating factor.

But despite all this, after the period of political stability began in 1360 [21 March 1981-20 March 1982] and plans were made, the gross national product increased significantly, especially in such areas as industries and heavy industries, despite the decrease in the share of oil. More importantly, we had a severe change of course in the revolution. In terms of our dependence on petro-dollars, in my opinion, in connection with the national industries and economy, this dependence has decreased. The proof is that last year, with $15 billion in expenditures--perhaps a little more--we had an inflation rate of about 5 percent. Another point that comes to my mind now, and if it is stated in the analyses can be more comprehensive and beneficial, is that when we speak of becoming poorer we must note the graphs that are published by the Ministry of Plan and Budget.

Firstly, according to these graphs the gap between the income of villagers and that of city dwellers has decreased and the present trend is towards an increase in rural incomes compared to urban incomes. Of course, I am not saying that urban incomes are equal to rural incomes or that the difference is slight. Rather, the ratios have become more balanced. The income ratio of 20 percent of upper classes compared to 40 percent of lower classes and 40 percent of lower classes and 40 percent of middle classes have been reformed in the interest of the lower classes. Statistics and estimates indicate that compared to the reforms in other Third World countries we are moving towards significant improvement. My interpretation in this regard is that since a rather good budget has been placed at the disposal of the oppressed in the society, despite the poverty of the government, the revolution, and the burden of the war, the services that the revolution institutions and the construction crusade have rendered, all of these have influenced this trend. I think if we take the total of all these accomplishments into consideration, the statistics and figures that have been presented will yield a different meaning. In other words, if we see today that the regime is stable and the people support the front, in the heart of the society and along with these indicators (of course, I admit that they are major indicators) there are other indicators that help us to take other influences from these figures and this is an important point. The cash flow of the private sector has been large, of course, and I admit it. We have continually had deficits. But we must note one or two issues that at fixed prices, both the current expenditures and developmental expenditures have decreased compared to the past. Also, there are the war expenditures; it would not be fair not to consider this as significant. This year, the government has engaged in very extensive conservation, and this is a move towards controlling this issue. Another point is that our printing of money last year has been at the lowest possible level, which has had a significant affect on controlling the rate of inflation. Of course, this does not mean that we do not have an inherited illness in the economic system of the country. The services sector plays a major role in the composition of the gross national product. We do not accept this and we must change this composition.

Of course, the ceiling on oil has come down. In any case, wittingly or unwittingly, the share of our oil revenues is negative in the growth of the gross national product. I must add that according to the statistics that were given me recently and were also discussed in the Cabinet, since 1363 [21 March 1984-20 March 1985], when national oil revenues declined, the growth in agriculture has been good. This growth continued in 1364 [21 March 1985-20 March 1986] and the officials of the Ministries of Agriculture and the Reconstruction Crusade hope to continue this trend this year and expect a better situation in the coming years. This issue in itself is very meaningful. These were issues that I needed to point out in this area. If in such interviews the efforts of the Hezbollah forces who were always trampled by the powerful and have today raised their heads and are managing their country are taken into consideration as a factor along with other indices and a positive trend is identified in them, usually these statistics and figures and such analyses can be very positive.

Alongside the indexes, attention must be paid to the increased value of industrial products under government control compared to those of the private sector. This ratio has completely reversed since the revolution. And this is for the purpose of explaining the inequalities in the revenues in the graphs that are usually prepared. I saw somewhere that this mistake was made and nationalized industries were still considered as a part of the private sector, which would show the income of a group, the 20 percent of the upper classes of the society, much higher and a small number (lower and middle classes), on the other hand, much lower. In examining the inequality in the incomes in our country, when we say that one stratum has become poorer or richer, the ratio of the income of this 20 percent of the upper classes compared to others must be taken into consideration. Secondly, it must be noted that many services that create a value in the society, the value of services and the surplus value of industrial products, are controlled by the government, and are distributed in the society somehow rather than going into the pockets of a small number of people. This issue has been very effective in keeping the inflation rate low, given the war conditions. In other words, the control of nearly 80 percent of the national industrial products through the foundation for the oppressed, the martyrs foundation, the national industries agency, and the organization for expansion, which is supervised by [the Ministry of] Heavy Industries, has given us the ability to control the prices of these goods through the supervision of the organization for support of producers and consumers. Despite the existing shortcomings and the criticism of the people, some of the criticism is proper and we admit to the shortcomings. At the same time, remember the results of their control. The fact is that today, when we look at the statistics and data which are available to us, we see that the rate of inflation has been harnessed at 5 percent since last year.

Question: At the present, according to official government statistics and figures, 97 percent of the currency expenditures of Iran are provided by oil revenues. Considering this point, what product or goods can replace oil or at least replace a part of the oil revenues?

Answer: Of course, the ratio is much lower with the decrease in the oil prices this year. Last year, we had a movement in the area of non-petroleum exports and at the present, too, a number of committed brothers among the ministers and advisors are studying a plan and are continuously following up this issue. Recently, a report was presented in the Cabinet concerning the exports for last year, which show a greater increase over those of the previous year. In this report, agriculture showed a very high share and we believe that, considering the wealth of the country in terms of mines and raw materials, many of the investments in some sectors have a very good growth potential, provided we have the ability to invest. Investments that were made before the revolution were not linked to the increased use of domestic resources. Rather, they were deeply linked to global investments and today, with much effort and the changes which are made in them, they are being tied to domestic resources. In any case, if we want to analyze this issue more thoroughly, I think that we must make efforts in terms of exports in all three branches, agriculture, industries and mines. At the present, there is movement, but these exports and the currency which is returned through them must be controlled completely, whether in terms of the currency treaties for some decontrolled goods, or with the conditions that are granted as a part of the currency agreement, or whether export prizes are given. Otherwise, it is natural that once again, in the growth of the rate of inflation, our country will feel the effects of uncontrolled and uncalculated exports, because we do not have endless resources in our country and a major part of our resources is spent on the war and what we produce at the present is severely affected by currency and the petro-dollar. Regarding exports, while they might return some currency to the country, we must note that along with exported goods some currency is also spent abroad. We must deal with this issue realistically. In any case, while these issues are being discussed in the Cabinet, at the present time, the issues of examining exports, eliminating export problems, and organizing are sensitive issues for the government and, as I mentioned, they are being followed up both in the Ministry of Commerce and in the Supreme Council. Hopefully, we will witness significant growth in this area. Another point is that in some fields, including industries, we have great potential for exports, which is being studied by the experts at the present. For example, we have abundant and high quality silica mines, and, therefore, we can have a very high growth in the glass manufacturing industry.

At the present, the good agricultural products of the country, especially such items as fruit, due to a lack of fundamental investments in connection with packaging and transportation, have not been able to find their way into the markets of the region, and this is something that the Ministry of Commerce is studying and trying to resolve.

Question: Some time ago, the Cabinet ratified a bill concerning the figures on the financial aid of private businesses to the fronts, which were to be deducted from their tax debts. This is at a time when last year, of the figure of 150 billion rials in projected taxes on businesses, 115 billion rials were not collected. What is your view?

Answer: In this regard, there has always been some sort of negative attitude towards the government, suggesting that the government is unjust in collecting taxes, whereas the total taxes that the government has collected in 1364 [21 March 1985-20 March 1986] amounts to about 1,030 billion rials, of which 30 billion is from private business. Our beloved nation must compare this ratio. Of course, considering Note 16 of the budget law, which was implemented last year for the first time, and other resources and ratifications of the government, we anticipate that more activity will take place in the provinces to collect taxes from private business. Special efforts are made to explain this issue thoroughly for our beloved clerics, who can be of much help in this regard, and to ask for their help. In the Ministry of Economic Affairs and Finance, new plans are now being discussed to examine the suspended cases, and there is talk of a large number of cases which, due to the shortage of manpower and organized data, have not been investigated rapidly. On the whole, we must try to instill in the people the recognition of the future benefits of paying taxes in the country. I think that the press and the media themselves, especially radio and television, can make the people realize that if they want to have a strong and independent regime, to be given more services, to see our oppressed classes improve--as they have shown that they have a deep, great and expansive potential in this unending ocean--and to change the backward picture of the country, the payment of taxes must be considered an act of religious worship and a religious issue, and any sort of reluctance in this area must be considered a sin, an act against religion, and a failure to pay one's debt to the entire Islamic regime. If we are able to inculcate this notion in the society, a change will be created in this area. The help the people give to the fronts indicates that the grounds for such aid exists in the people. Most aid to the fronts, in my opinion, is given by those who do not have high incomes. And this shows that the notion of giving aid as a sacred act does exist. But in our society, the idea has not formed that this aid can be organized somehow through taxation channels and added to the budget.

Therefore, we have not yet been able to make use of all the capabilities throughout the country and we hope, God willing, that such activity will take place.

Question: As has been announced through the media, at the present, two U.S. naval destroyers are patrolling outside the maritime borders of the Islamic Republic. In your opinion, what can the dispatching of the U.S. destroyers inside the straits of Hormuz mean? Considering the savage attack of the United States on Libya and the new threats by Reagan in regards to attacks on Iran and Syria, can the presence of these ships be considered a threat? How seriously do you consider these U.S. threats?

Answer: Since the victory of the Islamic revolution, the United States and some of the other NATO countries have been constantly present near the Straits of Hormuz and the Persian Gulf and have never given up their threats against the Islamic revolution. Therefore, the present situation is nothing new to us. What is new is the increased signs of lack of wisdom on the part of the U.S. politicians, indicated by Reagan's recent statements. Up to now, by

relying on Islam and our people, who are prepared to offer their lives, we have neutralized all the threats of the Great Satan.

Our policy is one of inflicting stronger blows, blow for blow, and having long arms to inflict these blows throughout the world.

Question: A number of political observers believe that the United States is uncertain about a military attack on Iran and is actually avoiding the escalation of the anti-American atmosphere in Iran. To what extent could this be true?

Answer: If the United States has any doubts, it is because of its fear of the people and the expansive power of the Islamic revolution in the world. Otherwise, concerning destroying the Islamic revolution, the United States has not yet had and does not now have any doubts. But the Great Satan is too helpless to be able to do anything.

Question: Following the visit of Turgut Ozol, the Turkish prime minister, to Tehran and the signing of the $3.5 billion agreement between Turkey and Iran, Saudi Arabia has been imposing great pressure on Turkey to sever economic relations with Iran. How do you see the position of Turkey in this regard and to what extent will Turkey tolerate these pressures?

Answer: Relations with Turkey are influenced by mutual interests. For this reason, the pressures of Saudi Arabia can only show the conspiracies of that country. I do not think that these pressures will be effective.

Question: Ozol, the Turkish prime minister, has said that changes must take place in the $3.5 billion agreement with Iran, based on the new price of oil. What is your opinion and do you also agree with these changes?

Answer: I had not heard what Ozol said, but on his return from OPEC, the honorable minister of petroleum had talked with the Turkish minister without portfolio. Naturally, the decline in prices will affect the volume and the quality of bilateral transactions.

Question: What are Iran's conditions to end the war, provided Saddam is removed?

Answer: The establishment of a government based on the votes and wishes of the people of Iraq.

Question: With the marvelous attack of the Islamic army on the strategic oil port of Fav, some of the Persian Gulf coast countries, which have supported Saddam from the beginning of Iraq's aggression with financial, political and propaganda aid, have engaged in serious propaganda. How do you evaluate the present relations with them?

Answer: Some of the countries on the coasts of the Persian Gulf have defended Saddam from the beginning of the war, and we believe that they encouraged

Saddam to start the war. They have so far spent billions of dollars for the war.

The establishment of our forces in Fav has darkened the future of their ally, Saddam. For this reason, they are making great strides.

We are sorry that now that we are advancing towards the victorious conclusion of the war, these gentlemen have not yet been able to separate their fate from that of Saddam. We recommend that they stop their conspiratorial acts before it is too late.

The tiny country of Kuwait, we have been told, is continually engaged in temptations here and there and has placed its ports and roads at Saddam's disposal.

Question: Have the countries in the Persian Gulf made any proposals to you since the Fav battle last Bahman [21 January-19 February] concerning the removal of Saddam?

Answer: Recently in political talks, they have been asking us more about the future of Iraq. In our opinion, there is no ambiguity in regards to the future government of Iraq. The territorial integrity of Iraq must be strongly preserved and a government relying on the Muslim people of Iraq established. Hence, in this regard, some of the Persian Gulf and other countries have questioned us and we have given them the necessary answers.

Question: What were the political gains of the Fav battle for the Islamic Republic of Iran?

Answer: Since this attack, the oppressive world has become disappointed in its ability to protect Saddam, and the superiority of our forces in the region is becoming more obvious. At the same time, we have observed certain provocations by the United States designed to neutralize the effects of this victory throughout the world and in Iran. The friends of Saddam are suffering from anxiety and uncertainty and the visit of the U.S. officials to the region has to give them reassurance. Our greatest gain is to prove that our victory in this war is certain.

Question: The new French prime minister has announced in a statement that he is not prepared to repeat the past mistakes of France and intends to have closer relations with Iran at the cost of the disintegration of relations with Iraq. In addition, nonmilitary companies are apparently putting great pressure on the government of that country to gain access to the Iranian market. What conditions do you propose for the establishment of relations with France?

Answer: Thus far, France has been hostile towards the Islamic revolution and has suffered the consequences. That country has lost the firm grounds which it had for relations with a great and determining power in the region, that is, the Islamic Republic of Iran. We consider improvement in relations with France to be based on a change in the policies of France. The people of

France must know that we feel no hostility towards them. They must know that they are suffering the consequences of the false and narrow-minded policies of a number of their politicians and as long as these policies remain unchanged, this situation will continue.

We consider any sort of conspiracy from inside France against the Islamic revolution a direct conspiracy of the French government, and naturally these conspiracies will not go unanswered.

Question: It seems that with the announcement of the Soviet Union that next year the occupying forces of that country will leave Afghanistan, the Soviet Union is trying to attract Pakistan to start direct negotiations between Afghanistan and Pakistan without the presence of the Mujahedin of Afghanistan. On the other hand, direct negotiations will mean the recognition and stability of the puppet Marxist government of Afghanistan. Do you consider direct negotiations as the only solution to the problem of Afghanistan? What is your view in regards to the new policy of the Soviets?

Answer: The future of Afghanistan will not stabilize except with the exit of the Soviet forces and the coming to power of a popular and not a puppet government. The entry of the Red Army forces into Afghanistan was a great mistake.

A bigger mistake is to underestimate the power of the Muslim people of Afghanistan and their Islamic understanding and intelligence. Once a nation awakens, it cannot be harnessed with a political deal. The Soviet Union must know that an independent government in Afghanistan is more than anything else detrimental to the United States.

Question: Now, Saudi Arabia is the only country which, in keeping with the U.S. policies and those of the Western oil companies, is sending huge amounts to its accounts in the imperialist companies by increasing production outside the timetable. Considering the existing situation of the oil market, what do you see as the future of OPEC?

Answer: With complete obedience to the United States, Saudi Arabia has placed OPEC in the weakest position, and it seems that in the future, if Saudi Arabia continues to remain the U.S. spokesman, a new union must be established with the participation of the independent oil producing countries. This union will gather together all the countries who want to be independent of U.S. decisions concerning the price and the production ceiling. It is sufficient for these few countries to have a total of 15 million barrels of export oil in order to be able to neutralize the conspiracies and games of the United States and England.

Question: Considering the currency situation and the priority of the war, what plans and projects will the government implement this year? Will the government pursue its long-term plans this year?

Answer: Priority this year will be given to projects that will be completed in 1365 [21 March 1986-20 March 1987] or 1366 [21 March 1987-20 March 1988]. Also, a number of important projects of the revolution will be given priority. In regards to the remainder of the projects, the budget allocations will slow down. We have decided to conserve in regards to the government budget, which stems from the revolutionary spirit of the government and its power. The actual figures for this conservation will be announced in the future.

Question: Following the U.S. attack on Libya, that country has requested an immediate meeting of the Arab leaders. In order to prevent the meeting, some of the countries that follow the course of U.S. policies have proposed that the Iran-Iraq war also be placed on the agenda. What is your opinion?

Answer: Those who themselves encouraged the United States to attack Libya cannot help the government and the brave people of Libya.

I heard North Yemen has proposed issues for discussion in this conference, the first of which is the Iran-Iraq war and the fourth the U.S. attack on Libya! You can guess what might come of this conference!

10,000
CSO: 4640/305

IRAN

'VICTORIES' ACHIEVED IN MILITARY, POLITICAL, DOMESTIC FIELDS

Tehran ABRAR in Persian 21 Apr 86 p 2

[Text] At the present, more than 70 days have passed since the capture of the strategic port and peninsula of Fav by the armed forces of our country. Achieving this great victory in the wake of the directives of the imam concerning the increased participation of the government and the people in the war scenes has caused the people and the world to witness the daily departure of many groups of the combative and specialized forces of Islam to the front.

Under such circumstances, a glance at the situation of the battle fronts and also the political issues of the region can be useful in presenting a picture of the present situation of the Islamic armed forces in the imposed war as well as the present situation of our country.

In the area of the military, the passage of more than 70-odd days from the beginning of the Val-Fajr-8 operations and the liberation of the city of Fav is itself the best evidence of our superiority on the battle fronts. During this period, the regime of Saddam employed all its might to drive back the Islamic combatants from the captured lines, but all of these efforts, by the grace of God, were defeated and the disintegration of the presidential guards operating directly under the supervision of Saddam is one of the proudest events of the imposed war. In any case, the Ba'thist enemy, given the resistance of the Islamic combatants as well as the new initiatives by the Muslim people of our country which were employed on the fronts, no longer hopes to retrieve Fav through a direct attack, and the limited and aimless attacks that sometimes take place by the Iraqi forces in this area result in nothing but the infliction of more damages on themselves and also the capture of more land by the Islamic combatants.

The Val-Fajr-8 operation was the result of extensive military planning. But more importantly, since its beginning, it has been to protect the liberated areas in the best possible manner. Meanwhile, those governments in the world that had set their hopes on the Saddam regime cannot defend their interests or bring the regime of the Islamic Republic in our country to its knees. They have either become disappointed or at least have serious doubts. Even the imperialist propaganda monopolies, which since the beginning of the imposed war and particularly the Val-Fajr-8 operations openly supported the regime of Saddam and every day, quoting Iraqi generals, reported the defeat of the

Iranians and their escape from Fav, are now either silent or are forced to report some of the facts for the people of the world.

But the important and undeniable point in the view of the entire world is that the Fav peninsula is in the hands of the Islamic combatants and all the attempts that the regime of Iraq have made from this port to dominate a part of Arvandrud or Khur-e Abdollah have been eliminated.

The small navy of Iraq in the west of Fav, that is, Khur-e Abdollah, is under siege and its slightest movements are detected by the Islamic forces. At the same time, the Albekr oil docks, which could export 600,000 barrels of oil per day, and also the Khur al-Amiyyeh oil docks, with 12 loading docks, have been destroyed or, because of the conditions of the war zone, have lost their usefulness for Iraq. In addition, with the Val-Fajr-8 operations, the export of Iraq crude oil through oil pipelines to Yenbo Port on the Red Sea, which goes through Saudi Arabia, is seriously threatened. Also, the operations for the construction of an oil pipeline between Iraq and Kuwait, which was approved some time ago by the officials of the regime, has now been postponed.

On the whole, from a military standpoint, the Islamic forces are steadfastly holding their grounds in the liberated areas; the armed forces of our country have complete control over Arvandrud. In addition, the military and economic interests of Iraq through the port at Fav have been totally eliminated. From a political and regional perspective, after the total victory of the "Val-Fajr-8" operations, as was mentioned, the supporters of Saddam were forced to revise their analyses and understanding. In addition, the international organizations and assemblies of the world, witnessing the power of the Islamic combatants, were forced to adopt a more just position, most important of which is the resolution of the Security Council concerning the condemnation of Iraq for the use of chemical weapons. Also, another Security Council resolution condemned most of the crimes of the regime of Saddam in connection with the imposed war, including the start of the aggression and the imposed war, attacking neutral ships in the Persian Gulf, the use of chemical weapons, attacking civilian and residential areas, and the use of chemical weapons [as published], without mentioning the regime of Iraq by name.

Of course, this resolution does not conform to the just position of the Islamic Republic of Iran and we demand open and official condemnation of the regime of Iraq for the above-mentioned crimes. But, if we consider this resolution in the light of the other positions of the Security Council and international organizations in the beginning of the imposed war, we realize that our nation has achieved important victories.

At the same time, since the "Val-Fajr-8" operations, we have witnessed one or two other issues on a regional level. One is the open support of the U.S. officials for the regimes that support Iraq in their visits to the Persian Gulf region. They have tried within this framework, by creating false notions about the belligerency of Iran or the threat to some of the Arab regimes in the Persian Gulf as a result of the continuation of the war and the capture of the Fav peninsula, to pave the road for U.S. military interference.

Another issue was that governments or individuals who have tied the destiny of their interests with the fate of Saddam, despite our frequent warnings, no longer observe the former limits. For instance, U.S. Assistant Secretary of State Murphy, in order to justify the arming of Saudi Arabia, has said in the foreign affairs committee of the Senate that this is vital to making Iran realize that the United States will by no means allow the expansion of the war. And then he said: If we send arms to Saudi Arabia, Iran will realize that the Saudi authorities have our support. Otherwise, that is, if we do not export arms, Iran will realize that our statements are merely empty talk.

Such open expressions of opinions clearly indicates that support for the regime of Saddam and confrontation against the Islamic revolution under various pretexts is of extreme importance to the United States and that the Val-Fajr-8 operations have severely cracked the foundations of their policy.

But from our domestic perspective, every day in the cities and villages we witness the departure of large groups going to the battle front and this, for a nation that considers presence on the front a religious duty alongside prayers and fasting, must be thought of as commonplace. But for the world which looks at us from outside Iran, it is difficult to realize that such widespread dispatch of the Muslim people of our country to the battle fronts requires a comprehensive and complete program at all levels of the country, and we must make the best possible and least wasteful use of all the resources of both the people and the government so that with the help of God the promised divine victory will be achieved as soon as possible.

10,000
CSO: 4640/303

IMPORTS DROP FROM PREVIOUS YEAR

London MEED/THE MIDDLE EAST'S BUSINESS WEEKLY in English 17-23 May 86 p 20

[Text]

Imports were valued at $13,500 million in the Iranian year ended 20 March – 13 per cent down from the previous 12 months, the official Islamic Republic News Agency (IRNA) reports. Lower oil revenues this year will result in further import cutbacks and a rise in prices, officials say.

Figures for imports and non-oil exports were released as an austerity campaign got under way, with government appeals for public co-operation (MEED 3:5:86). In the latest statement, deputy industries minister Abolqassem Jamshidi said there must be "maximum saving of foreign exchange, and waste must be reduced as much as possible."

Prices of some items will be allowed to rise to reflect the real cost of imports. The government will provide 80 per cent of the foreign exchange needed for essential supplies, such as cooking oil and animal feed, and 60 per cent for non-essential goods, Jamshidi said.

Oil revenues this year may plunge to about $10,000 million, according to some estimates, requiring a corresponding reduction in imports. Foreign exchange reserves are estimated at $6,000 million-8,000 million, but the government cannot draw on them except in emergency.

In contrast with declining oil revenues, earnings from non-oil exports are said to be rising. IRNA says about $500 million worth of non-oil goods were exported last year, up by 25 per cent from the previous 12 months. Main revenue earner – at nearly $120 million – was the hand-woven Persian carpet, followed by pistachios, hides and cotton. Officials say the carpet industry employs 1 million people in 800,000 workshops.

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OIL PIPELINES UNDER REVIEW, CONSOLIDATION POSSIBLE

London MEED/THE MIDDLE EAST'S BUSINESS WEEKLY in English 17-23 May 86 pp 19-20

[Text]

The Oil Ministry is reviewing at least two oil export pipeline schemes contracted with – or proposed by – international firms, and may decide on a single line. A decision is not expected for at least a month.

Two schemes – together worth about $2,000 million – have been discussed since early 1986. One is the Moharram line, running from the main Gurreh pumping station to the Kangan area, further southeast; the other involves connections to the IGAT-2 gas trunkline. This is to be converted to carry crude, linking the southern oil fields to a terminal near Kangan.

South Korea's ***Daewoo Corporation*** submitted the $1,500 million low bid for Moharram in December 1985, but is still awaiting a decision (MEED 7:2:86). In the same month, Italy's ***Saipem*** and South Korea's ***Daelim Industrial Company*** were awarded contracts – together valued at $260 million – for the IGAT-2 connections. They have still not received the downpayments that will allow construction to start (MEED 14:12:85).

There has been talk of installing a line from Gurreh to Jask, outside the Gulf. The new terminals are designed to provide safer alternatives to the main Kharg island export terminal. Most of Iran's exports now originate at Kharg and are delivered to Sirri island via a tanker shuttle service.

Industry observers say Iran is now considering consolidating all the schemes into one. The pipeline, if approved, will originate at Gurreh and run to the Kangan area or further east. No details are available, although some of the companies involved in the earlier proposals have been told of the Oil Ministry's intentions.

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BRIEFS

PEUGEOT-TALBOT CAR KITS--The UK's Peugeot-Talbot plans in June to hold a new round of talks in Tehran to try to revive sales of Hillman Hunter car kits to Iran Khodrow. The company has cut back production since the last shipment of 7,800 kits in January. Discussions in April failed to produce agreement about a method of payment for the cars--including the possible continuation of an oil barter arrangement through Turkey's Cukurova Holding (MEED 14:12:85, page 42). Peugeot-Talbot hopes to arrange payment through letters of credit valid for up to six months. The oil price collapse has prevented renewal of the Turkish arrangement finalised in late 1985. As late as February, Cukurova was trying nearly to double its commission to almost 30 percent, reports say. Iran's reduced oil income has also prompted severe restrictions on foreign exchange spending. Passenger vehicles are not considered a priority item, the government may be in no hurry to receive fresh supplies of kits from Peugeot-Talbot. The UK firm has built up a stock of 10,000 kits since January and may have to cease production if shipments to Iran do not resume soon. Iran Khodrow, whose plant is west of Tehran, has enough kits in stock to maintain output at about half capacity until the end of 1986, it is reported. [Text] [London MEED/THE MIDDLE EAST'S BUSINESS WEEKLY in English 17-23 May 86 p 20] /9274

'INTERFERING' U.S. SHIPS WARNED--Iran has again warned U.S. and French warships to stop interfering with naval inspection of suspect vessels near the Strait of Hormuz. The warning coincides with reports that Iran has set up a new attack based on Abu Musa island, 100 kilometres west of the strait, to control traffic in the Gulf. Navy commander Mohammad Hossain Malekzadegan told the Tehran daily Ettelaat on 12 May: "Recently, it has been observed that these warships create problems for our naval units as they carry out their mission to inspect ships carrying Iraq-bound goods." If U.S. warships continue to escort vessels and "if we ascertain that the presence of these ships is a threat to our interests, then we will resolutely enter action." Malekzadegan has previously issued warnings, but this is the first time he has alleged active interference by foreign warships (MEED 26:4:86). The U.S., France and the UK maintain task forces in the area. Iran has stopped and inspected hundreds of vessels in the past year to ensure they are not carrying strategic goods for Iraq; it recently declared a security zone on the Iranian side of a line drawn roughly down the middle of the Gulf. [Text] [London MEED/THE MIDDLE EAST'S BUSINESS WEEKLY in English 17-23 May 86 p 20] /9274

DRILLING RIG UPGRADE--Bethlehem Singapore has a $10.5 million contract to upgrade and overhaul a jack-up drilling rig--the Shahid Modarress--it built and supplied in the mid-1970s. The rig, owned by National Iranian Drilling Company, reached Singapore in late April and will stay there until December. [Text] [London MEED/THE MIDDLE EAST'S BUSINESS WEEKLY in English 17-23 May 86 p 20] /9274

IMPORT DELAYED--Japanese steelmakers have been asked to delay shipment of 35,000 tons of hot coil, despite having opened letters of credit for the order, reports say. The Iranian request is believed to be part of an attempt to ensure imports conform to stricter foreign exchange restrictions. [Text] [London MEED/ THE MIDDLE EAST'S BUSINESS WEEKLY in English 17-23 May 86 p 20] /9274

SAVING FOREIGN CURRENCY--Travellers will have to pay foreign currency for all flights outside the 14-country network served by national carrier Iran Air. The Civil Aviation Organisation says the measure is in line with an order by Prime Minister Hossain Moussavi to save foreign currency and increase government revenue. As a result, the cost of onward flights has risen eight-fold. Iran Air serves London, Paris, Rome, Vienna, Athens, Frankfurt, Dubai, Karachi, Beijing, Tokyo, Istanbul, Geneva, Bombay and Damascus. [Text] [London MEED/ THE MIDDLE EAST'S BUSINESS WEEKLY in English 17-23 May 86 p 20] /9274

OIL PRODUCTION--Crude oil production in the week to 2 May was about 2.4 million barrels a day, according to western estimates. [Text] [London MEED/ THE MIDDLE EAST'S BUSINESS WEEKLY in English 17-23 May 86 p 20] /9274

U.S.' CONFLO SERVICE--The U.S.' Conflo has started a fortnightly sea/road service from the U.S.' Great Lakes to Iran and Iraq. [Text] [London MEED/ THE MIDDLE EAST'S BUSINESS WEEKLY in English 17-23 May 86 p 20] /9274

NEOPAN TIMBER PLANT--The $10 million Neopan timber plant near Rafsanjan started up in early May. Initial daily output of compressed wood is 75 cubic metres. [Text] [London MEED/THE MIDDLE EAST'S BUSINESS WEEKLY in English 17-23 May 86 p 20] /9274

WELDING MACHINE PURCHASE--Machinsaz Arak plans to buy 245 semi-mechanised welding machines. Bids were opened on 10 May. [Text] [London MEED/THE MIDDLE EAST'S BUSINESS WEEKLY in English 17-23 May 86 p 20] /9274

RESERVOIR CONSTRUCTION--Tenders for a contract to build reservoirs at the site of the planned 200,000-barrel-a-day Arak oil refinery are being studied by National Iranian Oil Company.

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PAKISTAN

COMMENTARY VIEWS DISMISSAL OF NATIONAL ASSEMBLY SPEAKER

LD291544 Kabul BAKHTAR in English 0442 GMT 29 May 86

[Text] Kabul, 28 May (BAKHTAR)--A political observer of BAKHTAR writes:

Ziaul Haq, the military ruler of Pakistan, dismissed Fakhr Emam, speaker of the so-called Parliament of that country. He has done this for keeping his fading image and fearing the protests made by members of that Parliament.

Fakhr Emam is the one who defeated 5 months ago a Ziaul Haq supported candidate for the speaker's post. The reason for Fakhr Emam's dismissal from the post is his alleged support to Ziaul Haq's opponents in the Parliament or permitting them to freely express their views on the shortcomings of the regime.

The dismissal of Fakhr Emam from his post is a clear illustration of breach of law and Ziaul Haq is ready to trample underfoot all the established rules and regulations to ensure the survival of his disgraceful regime.

The hatred and indignation of the Pakistani people against Ziaul Haq's regime are rising for several reasons. The Islamabad regime in its military deal with the United States increased the foreign debt of Pakistan and deteriorated the financial and economic position of the country.

The Indian PATRIOT daily reports that Pakistan increased its military expenses by [figure indistinct] percent in a period of less than 10 years, that is to say, Pakistan's military expenditure has amounted to $33 billion during the years 1985-1986. Its foreign debt prior to all to the United States has amounted to $14 billion by the end of 1985, which has been doubled as compared with the year 1976-77. The foreign trade deficit of Pakistan has also reached its climax.

Ziaul Haq's regime spends over 45 percent of the budget for military purposes. Or in other words, it spends $10 per capita on military preparations and one dollar per capita on education and less than one dollar per head on public health.

Pakistan is one of the biggest recipients of the U.S. military aid, at the level of Israel and South Africa. Washington is striving hard to drag Pakistan ever closer to it for the achievement of its ominous strategic objectives in South Asia with the delivery of the most modern American weapons to it.

Right now, Ziaul Haq's regime not only resorts to suppressing the progressive movements of Pakistan but it acts against India and the DRA as a collaborator of the U.S. imperialism.

The Afghan counterrevolutionaries who are the hirelings of CIA, are being given military training by American, Chinese, Egyptian and Pakistani instructors aimed at subversion and sabotage in Afghanistan. The most modern American weapons are passed to the Afghan counterrevolutionary elements through Islamabad regime which has disturbed the life of Pakistani people.

These are the causes annoying the Pakistani people who are disgusted with the oppressive and adventurist policy of the military regime. The Pakistani people regarded Ziaul Haq's regime as a tyrannical and oppressive violator of even the most rudimentary human rights. They demand his removal and the immediate expulsion of the Afghan fugitives from the territory of Pakistan.

Ziaul Haq's regime must understand that with certain dismissals and substitutions, he cannot prolong his survival.

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BRIEFS

OUTGOING ZIMBABWEAN ENVOY--The outgoing Zimbabwean ambassador made a farewell call on President Mohammad Ziaul Haq in Rawalpindi today. The Zimbabwean ambassador termed his stay in Pakistan as very useful. [Text] [Karachi Domestic Service in Urdu 1500 GMT 18 May 86] /9604

FRG DEVELOPMENT AID--West Germany has decided to grant DM262 million, equivalent to $120 million, in development aid to Pakistan. The FRG has also renewed its aid pledge equivalent to last year's DM20 million, or $9 million, for Afghan refugees living in Pakistan. [Excerpts] [Karachi Domestic Service in Urdu 0200 GMT 18 May 86] /9604

INDIAN ENVOY'S GIFTS OF BOOKS--The Indian ambassador in Pakistan, Mr S.K. Singh, presented a gift of over 3,000 books written in Urdu by Indian writers for the national library, Islamabad, to President Mohammad Ziaul Haq in Islamabad this afternoon. The president appreciated the gesture and hoped it would help develop better understanding between the people of the two countries. The president said there could be no better gift than books to promote friendly relations between any two countries. The Indian ambassador said these books are token of respect and regard from the Indian Government to Pakistan. He hoped that these books would help in taking forward the process of normalization of relations between the two countries. [Text] [Karachi Domestic Service in English 1700 GMT 25 May 86] /9604

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